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RECORD

Education outcomes explored by panel

by Jim Hannah
LRC Public Information

A group of state legislators heard several recommendations to improve public education after a review of a statewide plan to increase the percentage of high school graduates prepared for college or a career.

The recommendations were contained in a report prepared by the Office of Education Accountability and presented on Dec. 10 to the Education Assessment and Accountability Review Subcommittee.

One recommendation called for the Kentucky Department of Education to study high schools with large differences between the percentage of graduates who were deemed “college or career ready” by their ATC scores verse other means, such as a state developed test. A second recommendation called for the education department to investigate any unusual patterns in test data that determines which students are prepared for college or a career. A third recommendation called for the education department to reevaluate its criteria for declaring students prepared for college or a career.

The report concluded that the education department should not use its “college and career ready” measure as the sole or primary indicator when reporting progress of student outcome over time or evaluating the impact of particular programs or policies.

Sen. David Givens, R-Greensburg, questioned the judgment of deeming high school graduates prepared for college if the students cannot handle the academic rigors of college.

Rep. Derrick Graham, D-Frankfort, said it is important for lawmakers to get as much information as possible before introducing additional education legislation.

“I think this information is very important,” said Graham. “I think it is the key for us to address several educational issues. This adds more information as we try to work toward solutions in terms of achievement gaps.”

In other business, the subcommittee adopt-



Rep. Rita Smart, D-Richmond, Co-Chair of the Education Assessment and Accountability Review Subcommittee, listens to committee testimony on Dec. 10.

ed what the education accountability office will research next year.

The office is preparing to launch a year-long study on school safety in Kentucky. It will examine how well local and state officials are carrying out their statutory duties related to coordinated services, the adoption of assessments, codes, safety and emergency plans, as well as notification, reporting, and tracking of student offenses such as alcohol and drug abuse, harassment, assault and bringing a weapon to school.

Researchers anticipate using surveys to gather information and visiting schools to conduct reviews and observe model programs. Researchers will analyze offense data maintained by the Kentucky Department of Education and the Center for School Safety in Richmond as well as financial information related to how money from the Safe School Program is spent.

The second study will count how many schools

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Farmers benefiting from state ag fund

by Rebecca Hanchett
LRC Public Information

Kentucky’s annual agricultural output now stands at over \$5.6 billion thanks in part to Kentucky’s tobacco-funded Agricultural Development Fund, state lawmakers were told on Dec. 3.

“Without the Agricultural Development Fund investments, I suspect we wouldn’t be where we are today in agricultural output,” Governor’s Office of Agricultural Policy Executive Director Roger Thomas told the Tobacco Settlement Agreement Fund Oversight Committee.

The 14-year-old Agricultural Development Fund—created by the 2000 Kentucky General Assembly as a repository for the state’s agriculture share of a multi-billion 1998 master tobacco settlement—has invested over \$425 million in county, state, and regional projects since 2001, according to the Governor’s Office of Agricultural Policy. The fund is overseen by the Kentucky Agricultural Development Board, also established by lawmakers in 2000 to help the state diversify its heavily tobacco-reliant agricultural economy.

Rep. Wilson Stone, D-Scottsville, a farmer and co-chair of the oversight committee, said the fund has a role in “taking Kentucky from where it was in 2001 ... to where we are now, and I think we should be appropriately proud of that.”

Tobacco production was a \$1 billion industry in Kentucky in 1998 with 118 of the state’s 120 counties growing the plant, Thomas said. Today, tobacco “is still very, very important” in Kentucky, but its economic impact has lessened while the agricultural economy has grown.

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in Kentucky provide recess and physical education in kindergarten through fifth grade. It will also review the types of services provided by the Kentucky Department of Education's Coordinated School Health.

The third study will look at Kentucky's independent school districts. Researchers will review the financial status of districts to identify revenue, per pupil expenditures and current expenditures. Finally, the primer will discuss student performance on various exams and identify various student ratios such as student to administrative staff, student to classroom teachers, and students to specialty teachers.

The last study for the year will be the bi-annual compendium of state education rankings. It is intended as a reference tool comparing Kentucky's education indicators to those of the nation and selected peer states.

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"You look at the ag economy and how it's grown from 1998 to where it is now—no, the (Agricultural Development Fund) didn't have all that effect, but it certainly had a part of that effect," Thomas stated.

Committee Co-Chair and farmer Sen. Paul Hornback, R-Shelbyville, thanked the Governor's Office of Agricultural Policy for its work with farmers including those in his district.

"They have the ability in the future to benefit a number of other farmers...and our changing world of food production," said Hornback.

A total of 17 agricultural diversification and rural development programs and projects totaling \$1.73 million were approved for Agricultural Development Fund funding by the state Agricultural Development Board last month. Among them is an indoor farmers market planned for Henry County that will operate under oversight of the Pleasureville Economic Development Council LLC.

Sen. Dennis Parrett, D-Elizabethtown, said the

Agricultural Development Fund has done a lot for farmers markets and farm produce across the state. "Look how many farmers markets we have," said Parrett. "The farmers markets across the state really probably wouldn't be where they are today without (the fund)," he said.

Agricultural development funds totaling \$11,500 were approved for the Pleasureville project to help renovate a building for year-round use. Additionally, all products sold in the new market will be marketed as "Kentucky Proud" by the state Department of Agriculture, says the Governor's Office of Agricultural Policy.

The connection of the Agricultural Development Fund to programs like Kentucky Proud shows how broadly the fund has impacted Kentucky agriculture over time, said Thomas.

"It has provided many, many opportunities for former tobacco farmers and current tobacco farmers to enter into other enterprises to sustain their farmers," he said.

State education commissioner says dual credit programs need overhauling

by Jim Hannah
LRC Public Information

State legislators are considering a range of options to promote dual credit courses as a way to increase college enrollment while reducing the cost of a degree.

"We think dual credit is one of your major opportunities for economic development in the commonwealth," Kentucky Department of Education Commissioner Terry Holliday told members of the Interim Joint Committee on Education on Dec. 8 at Kentucky State University. "What we found doesn't necessarily need legislation. We also have some ideas on funding."

Holliday helped present the findings of the Dual Credit Work Group, made up of members from the education department, Council on Postsecondary Education and Kentucky Higher Education Assistance Authority.

Dual credit courses are college-level courses, in both technical and academic subjects, that allow high school students to earn both high school and college credits. Dual credit courses can vary by where they are taught, by whom they are taught and when they are taught.

That means the courses can take place in a traditional classroom or through distance education methods such as online. The instructors can be high

school teachers or college professors. The hours they are offered can also be outside the traditional school day.

Supporters say dual credit courses can result in improved college and career readiness while reducing the cost of college.

Dual credit courses can vary by where they are taught, by whom they are taught and when they are taught.

- transferability of the credits;
- and how to pay for it.

For every dual credit class completed in high school, the student has one less class to take – and pay for – in college. During the 2012-'13 school year, a little more than 23 percent of Kentucky's high school juniors and seniors enrolled in dual credit coursework.

Holliday said the working group focused on:

- access to dual credit courses;
- quality and rigor of the instruction;

To address some of those issues, Holliday said the work group is recommending schools, colleges and technical colleges collaborate to provide at least three courses in general education and three career and technical education courses.

Holliday said the group is recommending the cost be shared by a combination of state, postsecondary institutions, secondary districts, state-funded scholarships, and students and families so that no one entity is solely responsible for financing.

Holliday said the charge for taking a dual credit course in Kentucky ranges for zero to \$300 per student. He said their needs to be a uniformed funding model so to prevent such disparities in costs.

"I'm hoping we will be able to articulate an agreement between the House, Senate and working group ... that will best benefit the kids across the commonwealth," said Rep. Derrick Graham, D-Frankfort, who is co-chair of the education committee. "That is the bottom line."

One bill concerning dual credit had already been filed at the time of the meeting. Bill Request 58, filed by Rep. Brent Yonts, D-Greenville, would amend current statutes to require the postsecondary education council to implement a dual credit course policy. Yonts' legislation would also allow high school students to receive college credit for technical courses they completed while in high school.

State officials try to head off propane shortage

by Jim Hannah
LRC Public Information

Another colder-than-average winter could cause propane shortages across Kentucky – for a second season in a row.

State energy officials and a propane industry trade group told state lawmakers on Nov. 21 that they have urged consumers to fill their propane tanks early, sign up for automatic delivery and enroll in payment plans in hopes of avoiding a late-winter run on propane, also known as LP gas.

“Those are things that can be done very easily without significant investment,” said Gregory T. Guess, of the Kentucky Department for Energy Development and Independence, to members of the Special Subcommittee on Energy, which held a hearing on the issue.

Last season’s shortage, and a possible shortage this season, is an issue of getting the propane to where it is needed and not supply, Guess said. He presented legislators with figures showing the nation’s annual propane production has increased by nearly 600,000 barrels since 2005.

Guess said there were multiple causes for last year’s shortage including producers exporting more of the gas rather than selling it in the domestic market. The United States went from exporting nearly no propane in 2005 to 400,000 barrels so far this year, according to the state energy department.

Compounding the problem are issues with the nation’s energy infrastructure, Guess said. A propane terminal for a pipeline that served Kentucky – in addition to Ohio, Indiana, Illinois and Missouri – sprung a leak last year in its cavernous underground storage system, located just north of Cincinnati, according to the state energy department. The terminal went for storing 40 million gallons of propane in mid 2013 to 210,000 gallons.

“They can still supply product but they don’t have the instant ability to draw down on that 40 million gallons that were in the nine underground caverns they had,” Guess said.

The leak, and high demand last winter, caused the residential rate of propane to roughly double to just over \$4 per gallon last winter, according to the state energy department.

Bill DePriest, president of the Kentucky Propane Gas Association, who also testified before the committee, said there were additional concerns about truck drivers navigating snowy highways to get propane to the Kentucky. The waits to fill tanker trucks at out-of-state propane terminals were up to nine hours last winter, DePriest said. That caused some drivers to be in violation of governmental guidelines on how long they could be behind the wheel of their trucks.

DePriest said one propane wholesaler resolved the problem by purchasing three 600,000-gallon barges to ship propane to Kentucky from the Gulf Coast to help ease last year’s shortage.



Senate President Pro Tem Katie Stine, R-Southgate, listens to a comment by Sen. Joe Bowen, R-Owensboro, at the Nov. 21 meeting of the Special Subcommittee on Energy.



Last season’s shortage, and a possible shortage this season, is an issue of getting the propane to where it is needed and not supply, according to Gregory T. Guess of the state Energy and Environment Cabinet.

As propane wholesalers continued through summer to make adjustments to accommodate for the loss of storage capacity in Ohio, a pipeline that supplied propane to the Upper Midwest was converted to another use, according to the state energy department. Earlier this year, it went from transporting propane to the United States from Canada to sending what’s known as light petroleum to Canada from the United States.

While the residential price of propane in Kentucky has fallen back down to its historical price of around \$2 per gallon, Guess said state energy officials are closely monitoring the situation. Many families, particularly in Northern Kentucky and the Jackson Purchase region, use propane to heat their homes, according to the state energy department.

“The question I got is what is being done by the industry to fix the problem of storage in

this area,” said subcommittee co-chair Rep. Richard Henderson, D-Mt. Sterling. “If the Cincinnati storage tanks went from 40 million to 200,000, it is going to adversely affect low-income homes from now on unless we fix that.”

Guess said propane wholesalers are converting fuel terminals to accept deliveries by train instead of by pipeline, expanding propane storage, leasing more tankers and trying to manage a more-complicated supply chain.

“We don’t know how successful all those efforts have been, and we won’t know, until we get through this coming winter,” Guess said of the adjustments being made to the supply chain.

“It is fairly clear we will probably be borderline this winter – particularly if it is a tough winter. By next winter, there should be sufficient infrastructure there.”

2015 REGULAR SESSION CALENDAR

JANUARY – PART I

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
				1	2	3
4	5	6 Part I Convenes (1)	7 (2)	8 (3)	9 (4)	10
11	12	13	14	15	16	17
18	19 Martin Luther King, Jr. Day	20	21	22	23	24
25	26	27	28	29	30	31

Denotes break between Parts I and II. Bill drafts may be reported during this period for introduction when Part II convenes.

MARCH

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
1	2 (23)	3 (24)	4 (25)	5 (26)	6 Concurrence (27)	7
8	9 Concurrence (28)	10 VETO	11 VETO	12 VETO	13 VETO	14 VETO
15	16 VETO	17 VETO	18 VETO	19 VETO	20 VETO	21
22	23 (29)	24 SINE DIE (30)	25	26	27	28
29	30	31				

FEBRUARY – PART II

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
1	2	3 Part II Convenes (5)	4 (6)	5 (7)	6 Last day for new bill requests (8)	7
8	9 (9)	10 (10)	11 (11)	12 (12)	13 Last day for new Senate bills (13)	14
15	16 President's Day HOLIDAY	17 Last day for new House bills (14)	18 (15)	19 (16)	20 (17)	21
22	23 (18)	24 (19)	25 (20)	26 (21)	27 (22)	28

() Denotes Legislative Day

2014

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INTERIM JOINT COMMITTEE ON JUDICIARY

Minutes of the 6th Meeting of the 2014 Interim

November 7, 2014

Call to Order and Roll Call

The 6th meeting of the Interim Joint Committee on Judiciary was held on Friday, November 7, 2014, at 10:00 AM, in room 275 at the Brandeis School of Law in Louisville, KY. Representative John Tilley, 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; Senators Perry B. Clark, Carroll Gibson, Sara Beth Gregory, Ray S. Jones II, John Schickel, Dan “Malano” Seum, Katie Stine, and Robin L. Webb; Representatives Joseph M. Fischer, Mary Lou Marzian, Suzanne Miles, Darryl T. Owens, Ryan Quarles, Tom Riner, and Steven Rudy.

Guests: Turney P. Berry, Darlene Thomas, and Marcia Roth.

LRC Staff: Jon Grate, Matt Trebelhorn, Alice Lyon, Chandani Jones, Dallas Hurley, Dale Hardy, Matthew Doane, and Elishea Schweickart.

Senate Bill 200 & Juvenile Justice Reform – Update

Senator Whitney Westerfield and Representative John Tilley provided an update on Senate Bill 200 and juvenile justice reform. Senate Bill 200 was a product of two years of task force activity that aimed to improve Kentucky’s approach to juvenile justice. Senate Bill 200 was developed in 2012, then reformed in 2013 when The Pew Charitable Trusts became involved, bringing additional analytical resources and manpower to Kentucky. As of July 2014, parts of Senate Bill 200 became active, the rest are to become active in July 2015. By doing this, departments involved with juvenile justice have the time to prepare, and to make any adjustments that are needed. The oversight council that the bill sets up for the next eight years has met several times so far, making communication between different agencies easier. There are also several pilot counties already holding family accountability, intervention, and response (FAIR) team meetings, which discuss cases involving juveniles, and issuing reports. Senator Westerfield also explained that one of the biggest challenges in the process of implementing Senate Bill 200 is data collection. Although data collection and use of a uniform tracking system was already mandated by statute, it was not being followed.

Uniform Fiduciary Access to Digital Assets Act

Turney P. Berry discussed the Uniform

Fiduciary Access to Digital Assets Act as recommended to the states for adoption by the Uniform Law Commission. This act will allow an executor or personal representative to gain access to someone’s digital assets when they die. It would include information from various digital accounts, such as email, bank accounts, and social media. The act would not only include granting executors access, but could also grant access to an attorney or guardian if a person becomes incapacitated.

Mr. Berry stated that a statute was needed for two primary reasons:

Provider contracts – Contracts from these digital providers specifically say that someone, other than the user, cannot have access to a user’s personal information.

Jurisdiction issues – Companies typically do not want to be subject to jurisdiction of a Kentucky court. If a user wants to pursue legal action, the user must do so in the state where a company is located.

Many states have shown interest in this topic, Delaware passed the act before it was finalized. Susan Walsh, who shepherded this act, has traveled and spoken at a number of events about this topic, including in Kentucky, and would be happy to speak with committee members further if any wish.

Responding to a question from Senator Webb, Mr. Berry said that an executor would not be able to get any more information of any greater scope under this act than they could gain under existing law. A collateral benefit to this act is a way to distinguish things of legitimate interest from simple curiosity.

Responding to a question from Senator Gregory, Mr. Berry said that this act would address social media accounts such as Facebook.

Responding to a question from Senator Gibson, Mr. Berry said that many digital providers do not want to be regulated, so they use contractual relationships as a way to avoid it. Responding to a follow up from Senator Gibson, Mr. Berry said that he did not expect a fee increase, but there could be possible changes to the general contracts so that the act’s provisions are specifically accounted for.

Responding to a question from Senator Seum, Mr. Berry said that there is not enough experience to say if there is any liability exposure to the executor when it comes to this act.

Responding to a question from Representative Riner, Mr. Berry said there have been problems in the past with internet service provider’s recognizing powers of attorney.

Responding to a question from Senator Westerfield, Mr. Berry said that this act was passed in Delaware and is pending in many other states. Responding to a follow up from Senator Westerfield, Mr. Berry said that this act would be service provider specific as to its application. Responding to another follow up, Mr. Berry said that this act does not convert an account into an asset, but allows an

executor to stand in the shoes of a user.

A New Approach to Civil Protective Orders

Marcia Roth, Executive Director of The Mary Byron Project, and Darlene Thomas, Executive Director of Greenhouse17, spoke about the need to expand civil protection for people in a dating relationship. Ms. Roth spoke about Mary Byron who was murdered by her boyfriend in 1993. If she had qualified for a protective order it may have saved her life. Ms. Roth stressed that thousands of victims are safer because of protective orders, so “to deny protection because someone does not qualify is arbitrary.” Ms. Thomas explained that in this past year alone there were 31,000 survivors of domestic violence and sexual assault. She spoke about various research studies that have shown that protective orders reduce violence, and with help from the General Assembly, more victims can be helped.

Senator Westerfield spoke about the necessity of this expansion and his support for it. Although there are laws against assault, those cases take time that victims may not have. Currently people who are married, share a household, or have a child in common can gain an emergency protective order, but that option needs to be extended to those that are in a dating relationship. Senator Westerfield referenced studies showing that one in three women have experienced this type of dating violence, and protection needs to be created where it does not exist.

Representative Tilley explained that the bill draft is not a lot of new legislation, but is text that has been pulled from KRS Chapter 403, revised, and placed in a new KRS chapter. He believes this draft streamlines and makes Kentucky’s approach on domestic violence more efficient. Representative Tilley stated that the domestic violence process would remain unchanged, but would add dating, stalking, and sexual assault victims. In speaking about the addition of stalking victims to the process, he stated that 35 other states currently have civil protection against stalking. Also, as to jurisdiction, Representative Tilley noted that the subject is still open and that the draft allows the Judicial Branch by local rule to place it where they choose. Representative Tilley finished by reiterating that the material in the folders is a preliminary draft and that input is being taken into consideration in order for this bill to be successful.

Responding to a question from Senator Stine, Senator Westerfield said that in dating cases, a judge’s discretion in using the bill’s definitions will be trusted. Representative Tilley followed up by stating the definitions used are modeled after a federal law that is used in 44 other states.

Responding to a question from Representative Fischer, Representative Tilley said that the definition that is being used is not permanent and can be tweaked if necessary.

Responding to a question from Senator Webb, Senator Westerfield said that most language in this bill is not new language; it is only in a new chapter. He said that an expungement provision is something that needs to be considered.

The meeting adjourned at 11:36 AM.

INTERIM JOINT COMMITTEE ON EDUCATION

Subcommittee on Elementary and Secondary Education

Minutes of the 2nd Meeting of the 2014 Interim

November 10, 2014

Call to Order and Roll Call

The 2nd meeting of the Subcommittee on Elementary and Secondary Education of the Interim Joint Committee on Education was held on Monday, November 10, 2014, at 10:00 AM, in Room 154 of the Capitol Annex. Representative Wilson Stone, Co-Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Stan Humphries, Co-Chair; Representative Wilson Stone, Co-Chair; Senator David P. Givens; Representatives Hubert Collins, Jeffery Donohue, Derrick Graham, Brian Linder, Rick G. Nelson, Marie Rader, Bart Rowland, and Jill York.

Guests: Beth Roberts, Committee for Mathematics Achievement; Kim Elam, Committee for Mathematics Achievement; Clyde Caudill, Kentucky Association of School Administrators; Margaret Yoder, Committee for Mathematics Achievement.

LRC Staff: Jo Carole Ellis, Janet Stevens, and Daniel Clark.

School Calendars

Kay Kennedy, Director, Division of District Support, Kentucky Department of Education (KDE), said House Bill 211 enacted by the Kentucky General Assembly in 2014 dealt with school calendars on an emergency and permanent basis and gave provisions for school districts to utilize waivers for unmet instructional hours. For 2013-14, each school district had to meet a minimum of 1,062 instructional hours and could reach those hours by adding time to the school day. A school day could not exceed seven hours, unless the district was already on an approved innovative alternative calendar. Also, a school district could not schedule any instructional days on Saturdays.

Ms. Kennedy said the legislation did allow school districts to schedule graduation ceremonies before the final instructional day and a district could have been open on the day of the primary election if no school in the district was used as a polling place. School district certified and classified personnel were required to complete all contract days by participating in instructional activities or professional development or by being assigned additional work responsibilities.

Ms. Kennedy said if a school district was attempting to complete 1,062 instructional hours by June 6, 2014, but was unable under its school calendar, the district was to request assistance from the commissioner of education by May 1, 2014. The commissioner of education would then determine a plan for maximizing instructional time to complete 1,062 instructional hours by June 6, 2014. If, after providing planning assistance to the school district,

the commissioner of education determined if the school district had maximized instructional time but could not complete 1,062 hours by June 6, 2014, the commissioner waived the remaining instructional hours required. Five school districts in Kentucky received a waiver from the 1,062 instructional hour requirement in the 2013-2014 school year, and one district implemented a snowbound plan.

In response to Representative Hubert Collins’s question regarding Morgan County Middle School’s instructional hours waived, Ms. Kennedy said Morgan County Middle School was impacted by snow days and bus schedules which led to nine hours being waived by the commissioner of education.

Senator David Givens complimented Ms. Kennedy for her work, dedication, and professionalism regarding her work on school calendar emergency provisions.

In response to Senator David Givens’s questions regarding the way school districts plan their calendar, ongoing discussions with KDE about school calendar regulations, and classified and certified contracts, Ms. Kay said she believes the 2013-2014 school year affected the way school districts planned their calendar for this year, and it is possible for school districts to achieve the 1,062 instructional hours by early May. Also, KDE would be interested in looking at changes to the regulation and brought up the idea of using an average number of days missed in determining how many snow days must be included in a district’s calendar. Ms. Kennedy said KDE is not typically involved in how certified and classified school employee contracts are set up. That is usually up to each school district.

Chairman Wilson Stone said that, as a former school board member, he understands the pressure of not starting school too early.

In response to Representative Brian Linder’s question regarding the reasoning of schools having to go for 170 days even if the school has already met the 1,062 instructional hours, Ms. Kennedy said prior to the legislation on school calendars that passed in the 2014 General Assembly, the requirement was for a school district to have a calendar that described 170 six-hour instructional days. With the new legislation, there does not need to be 170 six-hour instructional days, there only needs to be 170 days that the students are present for school.

Representative Brian Linder said school districts can put themselves in a bind by taking a week off for fall break and would like to see more schools having classes during the fall with hopes of getting out of school earlier in the spring.

Representative Hubert Collins said the idea of shortening the school year bothers him and longer school instructional days are not the answer.

In response to Representative Hubert Collins’s question regarding KDE having discussions with school districts whose school calendar snow day plans have them to going to school into June, Ms. Kennedy said KDE usually does not have those discussions unless the school district contacts them asking for assistance.

In response to Senator Stan Humphries’s

question regarding school districts that cancelled spring break days, Ms. Kennedy said the schools that lost spring break time experienced better attendance during those instructional days, and schools that added instructional days at the end of the year had worse attendance.

Approval of the August, 11, 2014, minutes

Upon motion from Representative Hubert Collins, seconded by Representative Brian Linder, the August 11, 2014, minutes were approved.

David Cook, Director, Division of Innovation and Partner Engagement, KDE, said in 2011, the General Assembly provided a non-traditional instruction pilot project. In 2014, House Bill 211 modified the statute to open the non-traditional instruction pilot to every school district in Kentucky. For the 2014-2015 school year, 13 applications were approved to participate in the non-traditional instruction pilot program.

Mr. Cook said each school district will implement the program by providing non-traditional instruction for up to ten days when school is called off. KDE will conduct monitoring visits in the winter and spring of 2015 to verify the quality of the program, and each school district will provide evidence of student and teacher participation along with evidence of student achievement. Based on the interest of the pilot and the forecast of a heavy winter, KDE expects a much larger group of districts to apply for the non-traditional instruction pilot program in the 2015- 2016 school year.

In response to Chairman Wilson Stone's questions regarding non-traditional school day hours, Mr. Cook said if a school district requested a non-traditional school day, KDE usually honored that request.

Senator David Givens said he has concerns with the non-traditional instruction pilot project because of taxpayer funds spent on public education and the availability of technology for districts to provide really good instructional programs.

Mr. Cook said the focus of the non-traditional instruction pilot program is to ensure that each school district is providing rigorous opportunities for students and good outcomes are the result.

In response to Representative Derrick Graham's question regarding school districts in the non-traditional instructional pilot project that are on a year-round school calendar, Mr. Cook said he did not know of any school that is a part of the pilot project that is on a year-round school calendar.

In response to Representative Hubert Collins's question regarding schoolwork getting to students on snow days, Mr. Cook said the school district's superintendent usually plans out the non-traditional days when school is expected to be out so the work is created for the students before the actual snow day.

Representative Brian Linder said there needs to be more focus on the content of school assignments instead of instructional hours.

Representative Marie Rader said Wolfe and Owsley County are very small districts, which make it much easier for KDE to monitor compared to bigger districts and the workload on snow days for

the bigger school districts can become extensive. Also, she would like to see school districts do away with fall and spring breaks.

Committee for Mathematics Achievement

Kim Elam, Chair, Rowan County Senior High School Teacher, said the Committee for Mathematics Achievement (CMA) was created in 2005 with a purpose of creating a plan for improving achievement for all Kentucky students in mathematics.

Dan McGee, Executive Director, Kentucky Center for Mathematics, said gains in mathematics are not only made during the course of intervention but they are sustained and even grow long after the intervention has concluded.

Alice Gabbard, Senior Director of Interventions, Kentucky Center for Mathematics, said the CMA works with teachers from all over Kentucky and helps them develop specialized expertise and leadership through rigorous, sustained, and job embedded professional learning experiences. The experiences lead to improved practice and the ability to improve student numeracy across the state.

In response to Chairman Wilson Stone's question regarding help from the General Assembly that can dramatically improve mathematics instruction and learning across Kentucky, Ms. Gabbard said continued support from the General Assembly would help along with more resources toward what already is happening with the CMA. Also, placing highly trained mathematic intervention teachers at each elementary school across Kentucky would be a tremendous help.

With no further business before the committee, the meeting adjourned at 11:26 a.m.

INTERIM JOINT COMMITTEE ON EDUCATION

Subcommittee on Postsecondary Education Minutes of the 2nd Meeting of the 2014 Interim

November 10, 2014

Call to Order and Roll Call

The second meeting of the Subcommittee on Postsecondary Education of the Interim Joint Committee on Education was held on Monday, November 10, 2014, at 10:00 AM, in Room 131 of the Capitol Annex. Senator Alice Forgy Kerr, Co-Chair, called the meeting to order, and the secretary called the roll. Senator Kerr chaired the meeting for Representative Meeks who could not be present.

Present were:

Members: Senator Alice Forgy Kerr, Co-Chair; and Reginald Thomas; Representatives C.B. Embry Jr., Derrick Graham, Richard Heath, Jody Richards, Rita Smart, David Watkins, and Addia Wuchner.

Guests: Robert L. Curry, Michelle McElmurray, Thomas Zawacki, and Ashley Parrott, Education and Workforce Development Cabinet; Larry Ferguson, Kentucky Community and Technical College System; Jimmy Adams, Educational Professional Standards Board; Mike Denney, Gary Ruskowski, and TH Morris, Kentucky Lottery Board; Robert King, Travis Powell and Sarah Levy, Council on Postsecondary Education; and Clyde Caudill, Kentucky Association of School

Administrators.

LRC Staff: Ben Boggs, Joshua Collins, and Lisa W. Moore.

Approval of the August 11, 2014, Minutes

The minutes were not approved due to a lack of a quorum.

Partnership for Economic Development Presentation

Dr. Larry Ferguson, Vice Chancellor for Economic Development, Kentucky Community and Technical College System (KCTCS), introduced and invited Josh Benton, Cabinet for Economic Development (EDC), to join him at the table for the presentation. Dr. Ferguson said the Kentucky Skills Network is a partnership among four entities: KCTCS, EDC, the Cabinet for Education and Workforce Development (EWDC), and the Kentucky Labor Cabinet (KLC). The Kentucky Skills Network shares a mission of a single point of contact customer service, streamlined resources, unified marketing and performance, and workforce pipeline development. The customer service delivery model is implemented through a state team of leaders, and a local team of experts.

Dr. Ferguson said the KCTCS Vice Chancellor of Economic Development and Workforce Solutions serves as the first point of contact for companies needing customized training and or workforce development from the education perspective. The Chancellor and Vice Chancellor work almost daily with key leaders from the EDC, EWDC, and the KLC to support the initiatives and activities focused on economic and workforce development in the Commonwealth. Workforce Solutions Leaders at each of the KCTCS colleges work synergistically with the Business Service Team Leaders at each of the Workforce Investment Boards to supply training and support services functions to meet each company's specific needs.

Dr. Ferguson said KCTCS is Kentucky's primary provider of workforce education, delivering programs and services that address the full spectrum of needs faced by business and industry, as well as, programs for individuals who want to upgrade their skills. KCTCS Workforce Solutions provides training programs such as Technical Skills Training, Soft Skills Training, Computer Skills Training, Online Learning, CEUs, and Recertification. All training can be customized to meet the needs of customers.

Dr. Ferguson said through KCTCS Workforce Solutions, the Kentucky Skills Network is charged with educating and training Kentucky's workforce. KCTCS-TRAINS is one incentive tool to help achieve this goal. KCTCS-TRAINS was formerly the KY WINS program.

Dr. Ferguson said the KCTCS-TRAINS program is the centerpiece of the KCTCS workforce and economic development efforts. Through KCTCS-TRAINS, KCTCS colleges work with business and industry to train employees to maintain a company's competitiveness in today's global economy.

Dr. Ferguson said through KCTCS-TRAINS, companies receive funds to assist with the cost of providing workforce training and assessment

services to current, as well as, potential employees. KCTCS-TRAINS funds are distributed on a project basis and require a company to match 50 percent of the provided funds. The KCTCS Workforce Solutions staff will assist companies in developing training plans and applying for KCTCS-TRAINS funds.

Dr. Ferguson said companies may apply individually or as a training network with other companies. The training networks meet common training needs of business and industry from various sectors of the economy. The network approach is successful because companies who only need one or two employees trained are able to join with other companies to obtain cost-effective and timely instruction. KCTCS Workforce Solutions staff will assist companies in developing the training networks.

Dr. Ferguson said the Kentucky Federation of Advanced Manufacturing Education (KY FAME) is a partnership of regional manufacturers whose purpose is to utilize dual-track, apprenticeship-style training to create a pipeline of highly skilled workers, and is accomplished through the Advanced Manufacturing Technician pathway at KCTCS. KY FAME started in central Kentucky, but regional chapters are forming throughout the state. To date, approximately 84,000 employees have been trained through KY FAME.

Dr. Ferguson concluded that KCTCS colleges across the state have been working closely with stakeholders from both the public and private sectors as each Kentucky county strives to attain Work Ready Community Status. He noted 44 percent of all workforce training provided by KCTCS in fiscal year 2013-14 was funded through KCTCS-TRAINS. KCTCS Workforce Solutions provides services in almost all of Kentucky's 120 counties each year. He also said KCTCS is focusing on promoting entrepreneurship in eastern Kentucky counties and the development of an Economic Development Academy in partnership with EWDC and the Kentucky Career Centers.

Thomas Zawacki, Secretary, EWDC, commended KCTCS for being responsive to business and industry needs. He is encouraged by the partnership that has been established between the EDC and the EWDC.

Representative Richards discussed a new plant that has opened in Bowling Green as a result of a consortium between a Japanese and German company. He said it is the largest industry that announced its opening in Kentucky last year and Bowling Green is delighted to get this aluminum plant.

Mr. Benton said there has been a continuum shift over the past few years that workforce development is economic development. He said the SKILLS Network brings all the entities into alignment and working together to achieve common goals with limited resources.

Responding to questions from Representative Wuchner regarding worker preparation and soft skills, Mr. Benton said Kentucky improved its ranking in Site Selection magazine for business competitiveness. Dr. Ferguson said the use of

drugs continues to be a problem in some areas in Kentucky. He said the race to get all 120 counties to be Workforce Ready Communities encompasses addressing the soft skills workers need. This should begin as early as in middle school.

Representative Wuchner said pajama day in school has hurt Kentucky by giving students credit simply for being present at school. She said students need to be challenged and to understand that just showing up is not enough to succeed in life or the workplace.

Secretary Zawacki said early childhood education is critical to provide children with the spark for learning and the love for reading before entering kindergarten.

Representative Graham concurred that Kentucky should correct deficiencies by investing in early children development. He said the General Assembly needs to approve the \$41 million grant that prepares children for kindergarten.

Report of the Kentucky Commission on Proprietary Education

Mr. Robert Curry, Acting Executive Director, Kentucky Commission on Proprietary Education, said the commission was established by action of the Kentucky General Assembly during the 2012 regular session in House Bill 308. It replaced the Board of Proprietary Education which had been in existence, since initial creation by the legislature in 1976. Its mission is to ensure that citizens of the Commonwealth have access to quality proprietary education.

Mr. Curry said objectives of the Commission include: providing greater oversight to all licensed schools, increasing awareness across the Commonwealth of the services offered by the Commission, ensuring that citizens of the Commonwealth have access to quality proprietary education, and protecting students' interests in cases of unscrupulous school practices.

Mr. Curry said the Commission issues surety bonds to students, and maintains a student tuition protection fund requiring a \$500,000 minimum balance to reimburse the student if the school or program shuts down. He said there is a formal student complaint process and that a complaint committee within the Commission is authorized to review, rule, and communicate the findings to the student.

Mr. Curry said the Commission licenses a total of 159 schools, of which 115 are resident schools, and 44 are non-resident schools. The Commission licenses a broad range of schools including medical (44), continuing education (43), dental (22), truck driving training (16), and pharmacy technician training (10). He noted an associate's degree is the highest level of education licensed by the Commission.

Mr. Curry said accomplishments include no findings by the Auditor of Public Accounts in audits completed in fiscal years 2013-14. He said new administrative regulations went into effect on October 31, 2014, authorizing the hiring of an executive director and providing more oversight of onsite visits. The regulations established a job placement rate as a common standard for

institutions, and implemented a fee structure for the Commission to be self-sufficient and to accomplish future goals.

Mr. Curry said future activities of the Commission include hiring a full-time executive director, hiring a field inspector, establishing job placement audit procedures, and defining the role and responsibility of the field inspector position.

Responding to a question from Representative Smart regarding job placement, Mr. Curry said the job placement regulation requires students to have been employed 30 of the next 180 days after completing a program to be counted as a job placement. He said there are some exceptions for certain medical conditions, entering the military, or continuing in higher education instead of going to work. He said the number of graduates minus those exempted is the percentage of the job placement rate.

Responding to a question from Representative Smart regarding information on the differences between teacher tenure and teacher retirement, Mr. Curry said the teachers are employed by the schools and the Commission is not involved in the tenure or retirement. Each school can be different and many are using adjunct faculty.

Responding to a question from Representative Smart regarding the amount of student debt incurred from proprietary college students, Mr. Curry said he did not have the information, but would obtain it. Representative Smart stated that she would like to see the difference in ratio in student debt incurred from the public universities compared to proprietary schools.

Responding to a question from Representative Wuchner regarding the use of an existing matrix to review institutions as part of a continuous process improvement plan, Mr. Curry said there is an inspection form for inspecting new schools, or schools that have changed location, which ensures they are meeting all the requirements set in statute. He noted the new field inspector and executive director hired will determine what type of matrix is used to inspect proprietary schools in the future.

Responding to a question from Representative Wuchner regarding funding for job positions at the Commission, Mr. Curry said positions are funded through the licensing fees that the member institutions pay. He said any new positions will be funded through an increase in fees. The current operating budget is approximately \$290,000.

Responding to a question from Senator Thomas regarding the names of proprietary schools in Fayette County, Mr. Curry said he will email the school listing to him.

Report on the Closing of Mid-Continent University

Robert King, President, Kentucky Council on Postsecondary Education (CPE), said Mid-Continent University was an accredited, four-year liberal arts Christian institution located near Mayfield, Kentucky. It had been experiencing financial troubles and was placed on a warning status by the Southern Association of Colleges and Schools in late 2013. He said this in turn triggered the denial of Federal financial aid from the United States

Department of Education and put the school in financial difficulty.

Mr. King said on April 16, 2014, all remaining employees were laid off although plans were for the school to remain open and staffed with volunteers until after graduation. This occurred for every class with at least one student graduating in May.

Mr. King said on April 18, 2014, Western Kentucky University developed a special offer to accept all credits and waive application fees as well as other special incentives to ease the transition for Mid-Continent students. There were 2,000 students enrolled at Mid-Continent University when it closed, and 826 have transferred. The University of the Cumberlands has accepted over 300 of the students.

He commended Dr. Gary Cox, President, Association of Independent Kentucky Schools and Colleges, and Dr. Jay Morgan, Provost, Murray State University, for their leadership to assist students in the transferring process. He said AIKCU, and its 19 remaining members, have pledged to assist Mid-Continent students in their efforts to continue their education.

Mr. King said there are some lawsuits that are pending for breach of contract between faculty and the institution. He noted there was a summary judgment that was granted to those who brought lawsuits which forced the campus into Chapter 11 bankruptcy.

Mr. King said Mid-Continent included a small campus in Mayfield, Kentucky, online resources, or leased facilities located throughout the state. He said that it may become a small bible college again after the bankruptcy is resolved, but this effort is unclear at this time.

Mr. King said there is an outstanding \$600,000 letter of credit made payable to the CPE to address issues of student debt. CPE is in negotiations with the bank that is issued the letter to preserve the funds to protect student interests. He noted the Attorney General's office is working with students and the college to satisfy outstanding debts to the school. Students may choose to accept college credits earned and pay the debt, or can leave credits and have loan forgiven.

Mr. King said all student records are being managed by volunteers. He said arrangements will be made for long-term preservation of records.

Senator Kerr expressed her appreciation that other colleges are stepping up to assist the students in successful transfers.

Adjournment

With no further business before the committee, the meeting adjourned at 11:07 AM.

INTERIM JOINT COMMITTEE ON HEALTH AND WELFARE

Minutes of the Sixth Meeting of the 2014 Interim

November 19, 2014

Call to Order and Roll Call

The sixth meeting of the Interim Joint Committee on Health and Welfare was held on Wednesday, November 19, 2014, at 10:00 a.m., in Room 129 of the Capitol Annex. Representative

Tom Burch, Co-Chair, called the meeting to order at 10:08 a.m., and the secretary called the roll.

Present were:

Members: Representative Tom Burch, Co-Chair; Senators Julian M. Carroll, Denise Harper Angel, Jimmy Higdon, Alice Forgy Kerr, Katie Stine, and Reginald Thomas; Representatives Julie Raque Adams, Robert Benvenuti III, Bob M. DeWeese, Kelly Flood, Mary Lou Marzian, Reginald Meeks, Darryl T. Owens, Ruth Ann Palumbo, David Watkins, Russell Webber, and Susan Westrom.

Guests: Audrey Tayse Haynes, Secretary, Cabinet for Health and Family Services; John Langefeld, Medical Director, Department for Medicaid Services, Cabinet for Health and Family Services; Allen Brenzel, Medical Director, Department for Behavioral Health, Developmental and Intellectual Disabilities, Cabinet for Health and Family Services; Mary Hass, Advocacy Director, Eddie Reynolds, BIAK Outreach Coordinator, and Sarah Peterson, Military Affairs and Outreach Director, Brain Injury Alliance of Kentucky; Darla Bailey, President, Kaleidoscope, Inc.; Georgiana Adams, Guardian to Individual with Brain Injury; Stephanie Mayfield Gibson, MD, FCAP, Commissioner, Department for Public Health, Cabinet for Health and Family Services; Kevin T. Kavanagh, MD, MS, Health Watch USA; Jerald Combs, Kentucky Optometric Association; William Reynolds, Kentucky Board of Optometric Examiners; Hollie Sands and Laura Begin, Department for Public Health, Cabinet for Health and Family Services; Michele McCarthy, Center for Behavioral Health; Lisa Jagnow, Department for Behavioral Health, Development and Intellectual Disabilities, Cabinet for Health and Family Services; Howard Shaps, WellCare; and Emily Mills, Frankfort Regional Medical Center.

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

Approval of the Minutes

A motion to approve the minutes of the October 15, 2014 meeting was made by Representative Westrom, seconded by Representative Meeks, and approved by voice vote.

Consideration of Referred Administrative Regulations

201 KAR 5:055 – establishes requirements for the use of telehealth services in the provision of optometric services; **201 KAR 32:035** – establishes the supervision requirements for marriage and family therapy associates and their board-approved supervisors; **201 KAR 33:010** – establishes fees for dietitian and nutritionist licensure; **902 KAR 2:055** – establishes requirements for reporting immunization results in schools by the public health immunization reporting entity and permits recording and exchange of immunization data; **921 KAR 3:035** – establishes the certification process used by the cabinet in the administration of the Supplemental Nutrition Assistance Program (SNAP); and **921 KAR 3:090** – establishes requirements for the Simplified Assistance for the Elderly Program (SAFE), a demonstration project administered by

the cabinet to improve access to SNAP for elderly and disabled individuals. A motion to adopt an amendment to **201 KAR 5:055** was made by Senator Kerr, seconded by Senator Harper Angel, and adopted by voice vote. A motion to approve the administrative regulations as amended was made by Representative Marzian, seconded by Representative Meeks, and approved by voice vote. In response to a question by Representative Palumbo, Mike Rodman, Executive Director, and Dr. Russell Travis, Board Member, Kentucky Board of Medical Licensure, stated the board supports the amendment. Dr. Jerald Combs, Kentucky Optometric Association, and Dr. Bill Reynolds, Kentucky Board of Optometric Examiners, stated that both of them agreed to the amendment.

Opiate Abuse: Current Concerns in Kentucky

Audrey Tayse Haynes, Secretary, John Langefeld, Medical Director, Department for Medicaid Services, and Allen Brenzel, Medical Director, Cabinet for Health and Family Services stated that the most common drug treatment admissions are for opiates. Drug overdose deaths are now more frequent than motor vehicle accidents. Prescriptions reported through KASPER for opiates have decreased since the implementation of House Bill 1 in 2012. A few requirements of House Bill 1 from the 2012 Regular Session were that a physician has to own a pain management facility, has to utilize the Kentucky All Schedule Prescription Electronic Reporting (KASPER) program, and limit the dispensing of drugs containing hydrocodone to a 48-hour supply. The goals of the Governor's health initiative, kyhealthnow, are to reduce the rate of uninsured individuals, smoking rates, obesity, cancer, cardiovascular deaths, dental visits, drug overdose deaths, and average number of poor mental health days.

A major concern is that because of the requirements to report prescriptions and the inability to monitor heroin in the KASPER system, heroin has become the drug of choice. Most heroin abusers were addicted to prescription opiates. There is a higher overdose death rate for Kentucky women of childbearing age compared to the United States. Also, an increasing number of babies are born with neonatal abstinence syndrome (NAS) due to prenatal exposure to opiates.

Medication assisted treatment (MAT) is an evidence-based approach that involves prescribing medications to an opiate dependent patient and allows an individual to be stabilized and engaged in therapeutic services. Some patients may require ongoing MAT. Kentucky data indicates that buprenorphine is frequently being prescribed in a manner that is not consistent with evidence-based clinical recommendations. A significant amount of buprenorphine is being diverted to inappropriate and illegal use.

In the last several years, Medicaid data has shown a 241 percent increase in the use of all combined buprenorphine products. In 2013, over \$22 million was spent on drugs and \$20 million in the first six months of 2014. There has been a dramatic increase in buprenorphine seized by the

Kentucky State Police (KSP). In 2014, the top ten counties in the number of Medicaid buprenorphine prescriptions were Pike, Harlan, Floyd, Jefferson, Whitley, Clay, Knox, Fayette, Perry, and Laurel. The top ten providers were general practitioners, internists, and family practitioners. There were no substance abuse treatment specialists in the top ten. Some prescriptions were written by out-of-state doctors but were filled by pharmacies in Kentucky. The cabinet is paying close attention to who prescribes buprenorphine medications. In 2014, one Medicaid recipient received a buprenorphine drug product from nine different prescribing providers. The World Health Organization (WHO) has updated the guidelines for reducing opioid related deaths with preventative measures to encourage monitoring opioid prescribing practices, curbing inappropriate opioid prescribing, and increasing the rate of treatment of opioid dependence. Data shows that improving access to appropriate treatment has a significant impact on lowering the number of deaths from substance abuse. All community stakeholders need to be involved for solutions to be effective.

In response to questions by Senator Stine, Dr. Langefeld stated that the drug treatment admissions data include both admissions to a hospital and an emergency room. Drug overdose data include deaths from all opiates including heroin. There is complacency about drug overdoses, because most people do not think it will ever affect them. It has an effect on economic development, courts, law enforcement, and first responders. Secretary Haynes stated that Recovery Kentucky receives some funds through a settlement to the Office of Attorney General but is run by the Kentucky Housing Corporation. Recovery Kentucky works outside a medical model.

In response to questions by Representative Benvenuti, Secretary Haynes stated that marijuana can be a gateway to other drugs. Dr. Brenzel stated that marijuana blocks receptors allowing someone to function during the day. It is a felony to divert marijuana. There is a 75 percent to 80 percent relapse in individuals after treatment of an opioid. Standards of practice need to be followed. Secretary Haynes stated that methadone treatment is regulated by the Department for Behavioral Health, Developmental and Intellectual Disabilities and the Drug Enforcement Agency (DEA). General practitioners are prescribing opioids in a high amount.

In response to questions by Representative Owens, Dr. Brenzel stated that In 2014, approximately 7,400 Medicaid recipients received a buprenorphine drug product from one prescriber but not the same prescriber every time. It is a concern that recipients go to multiple providers for medications. Secretary Haynes stated that 20 percent of the doctors prescribe 80 percent of the medications to Medicaid recipients.

In response to a question by Representative Watkins, Dr. Brenzel stated that training is mandated by the federal DEA, and then additional training hours can be requested from the DEA.

Legislative Hearing on the FFY 2015-16 Temporary Assistance for Needy Families Block

Grant

The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), Public Law 104-193, the Temporary Assistance for Needy Families (TANF) program replaced the welfare programs known as Aid to Families with Dependent Children (AFDC), the Job Opportunities and Basic Skills Training (JOBS) program, and the Emergency Assistance (EA) program. The law ended federal entitlement to assistance and instead created TANF as a block grant that provides states, territories, and tribes with federal funds each year to cover benefits, administrative expenses, and services targeted to needy families. TANF became effective on July 1, 1997 and was reauthorized in February 2006 under the Deficit Reduction Act of 2005. The Claims Resolution Act of 2010 (Public Law 111-291) was signed into law on December 8, 2010. The Act extended TANF through the end of fiscal year FY 2011. Since 2012, funding for the TANF program has been extended through a series of extensions.

States design and operate programs to assist needy families so that children can be cared for in their own homes; reduce the dependency of needy parents by promoting job preparation, work, and marriage; prevent out-of-wedlock pregnancies; and encourage the formation and maintenance of two-parent families. Kentucky's TANF cash assistance program, the Kentucky Transitional Assistance (K-TAP) program, falls under all provisions of TANF including the participation and work requirements and the five-year lifetime limit on benefits. The Department for Community Based Services (DCBS) provides TANF services to participants. Kentucky is divided into nine service regions that provide direct service delivery, including eligibility determinations, to all 120 counties. The Division of Family Support develops partnerships with other state agencies, local governments, community-based organizations, and employers to provide linkages for services to reduce barriers to employment for the Kentucky Works Program participants. All contracts are monitored annually for contract compliance.

Families are provided tools to become self-sufficient while ensuring children are protected and valued. Before the five-year lifetime limit expires, adults will become involved in work activities and become self-sufficient. The services offered under the plan include cash assistance to needy families with children; supportive services such as child care and transportation for Kentucky Works Program participants; post-employment supports such as the Work Incentive Program (WIN); family services to needy families so children may be cared for in their own homes or in the homes of relatives and to encourage the formation and maintenance of two-parents families; and the Kinship Care Program to provide cash assistance to a caring relative as an alternative to placement with a non-relative. Projected federal funds for FFY 2015 and FFY 2016 are \$181,287,700 per year. A motion to approve the Temporary Assistance for Needy Families Block Grant was made by Representative Flood, seconded by Senator Harper Angel, and approved by voice vote.

Traumatic Brain Injury

Mary Hass, Advocacy Director, Brain Injury Alliance of Kentucky, stated that Kentucky has a fragmented system of care for people with a brain injury. Providers have demonstrated the need for a centralized coordination effort at the state level to streamline and coordinate the specialized supports and services to Kentucky citizens with an acquired brain injury (ABI). The goal of BIAK is to establish an Office of Brain Injury within the Department for Aging and Independent Living (DAIL) in the Cabinet for Health and Family Services to create a coordinated system of care, revise the ABI waivers, and develop an enhanced fee structure that pays for the more difficult individuals in Kentucky. DAIL has the brain injury expertise and staff needed to maintain and hold the sole responsibility of setting policy and overseeing all brain injury services. Currently, brain injury services are split between the Department for Medicaid Services (DMS) and DAIL. DAIL has been designated as the lead agency on brain injury but only has oversight of the Traumatic Brain Injury Trust Fund and the TBI Behavioral Program. DMS controls the two ABI waivers, Michelle P waiver, Kentucky Transitions waiver, and the Home and Community Based Services (HCBS) waiver. The Department for Behavioral Health, Developmental and Intellectual Disabilities (DBHDID) controls the Supports for Community Living (SCL) waiver. Eastern State Hospital's Neurobehavioral Brain Injury Program has a contract with DBHDID. An Office of Brain Injury would reduce administrative burdens on providers and save state funds currently spent on duplicative services, supports, and administration.

Brain injury services are divided into the Traumatic Brain Injury Trust Fund, the TBI Behavioral Fund, the Acquired Brain Injury Long Term Care waiver, and the Acquired Brain Injury Acute Care waiver. There are not enough TBI waiver providers to provide services for individuals with more difficult and medically complicated brain injuries.

Eddie Reynolds, BIAK Outreach Coordinator, stated that the 2004 Kentucky Brain Injury Prevalence Study reported that an estimated 214,000 Kentuckians have a brain injury. The Kentucky Traumatic Brain & Spinal Cord Injury Project, Kentucky Injury Prevention and Research Center FY 2010 final report stated that brain injury plays a role in the death or hospitalization of 23 state residents per day. The cost for hospitalization for brain injuries is \$264.5 million, and taxpayers pay 43 percent of the total. Individuals with brain injuries learn that each brain injury program has a different application and set of admission criteria, there are long waiting lists and not every region in the Commonwealth offers brain injury services. If a brain injury survivor has severe neurobehavioral issues there are limited options available. Currently, most Kentuckians with severe issues are being served out-of-state which separates them from any family support. The new neuro-behavioral unit at Eastern State Hospital will not open until April 2015. Providers of community-based neurobehavioral programs are discouraged

from coming to Kentucky. A single point of entry coordinated case management system can help guide an individual and his or her family members when applying for needed services. It would also create a system that addresses the needs of persons with severe neurobehavioral issues and provide a quality system of community-based care.

Sarah Peterson, Military Affairs and Outreach Director, Brain Injury Association of Kentucky, stated that there is a need for a state system for veterans who do not feel comfortable with the Veterans Administration (VA) or who currently do not receive services. The VA system is trying to keep up with the demand to provide services to more military personnel.

Georgiana Adams, guardian to individual with a brain injury, stated that when her boyfriend received a brain injury in 1996, there was no long-term care residential rehabilitative facility available for him to receive services. Services stopped when she took him home from the hospital, and it was very difficult to navigate the system to know where to find the help and funding needed. Her friend was finally sent out-of-state to receive the care he needed and could not get in Kentucky. She questioned why someone with a severe brain injury has to go out-of-state to receive services.

Darla Bailey, President, Kaleidoscope, Inc., stated that Kentucky needs one office where all services can be accessed by an individual with a brain injury.

In response to questions by Representative Benvenuti, Mr. Reynolds stated that Kentucky does pay 43 percent of the cost for hospitalization of brain injury patients. Ms. Hass stated that providers do not want to come to Kentucky because there is no guarantee of the number of patients that will need services, therefore, there is no guarantee of a specific amount of reimbursement for services that are provided.

Kentucky Ebola Outbreak Preparation

Stephanie Mayfield Gibson, MD, FCAP, Commissioner, Department for Public Health, Cabinet for Health and Family Services, stated that sporadic Ebola virus outbreaks typically occur in tropical regions of Sub-Saharan Africa with mortality rates from 25 percent to 90 percent. The 2014 Ebola outbreak in West Africa is the largest to date. Of the five subtypes of the genus Ebolavirus, Zaire and Sudan strains cause the most severe illness and have higher case fatality rates. No Ebola virus cases have been reported in Kentucky, but the Department of Public Health (DPH) is providing training and information to local health departments, healthcare providers, and hospitals on how to report potential Ebola cases. The DPH is working with CDC and the Department for Health and Human Services (DHHS) to ensure all Kentucky-specific Ebola virus disease guidance is current. The transmission of the Ebola virus occurs through direct contact with infected body fluids such as blood, urine, sweat, breast milk, and semen. The time it takes for a person to develop symptoms after being exposed is approximately eight to ten days. Infected persons are not contagious until someone begins to show signs and symptoms of the disease. No one can get the Ebola

virus through the air, water, or food. Currently there are no specific FDA-approved vaccines, antivirals, or other medications. Experimental treatments have been tested and proven effective in animal models, but have not yet been studied in randomized clinical trials in humans. The Center for Disease Control and Prevention (CDC) is working with state health departments and partners at ports of entry into the United States to prevent the introduction of the disease into the country.

In response to questions by Senator Stine, Commissioner Mayfield stated that the contaminated equipment is disposed by incineration as recommended by the CDC guidelines. The Department of Defense (DoD) mandates that Soldiers be monitored for 21 days after returning from an infected country. The 101st Airborne military personnel deployed to West Africa would be trained in the use of protective gear and on the disease itself although U.S. military personnel are not and will not be in direct contact with Ebola victims. ZMAPP needs to be studied more in controlled conditions, so it is too early to tell if the drug will help cure individuals with the Ebola virus.

In response to a question by Senator Thomas, Commissioner Mayfield stated that the DPH would start an investigation if a potential Ebola virus case is reported. The privacy of the patient has to be protected. The individual would be monitored by the health department for 21 days. Kentucky receives less than one percent from travelers to foreign countries.

Healthcare Associated Infections and Hospital Acquired Conditions

Kevin T. Kavanagh, MD, MS, Health Watch USA, stated that dangerous infections such as Ebola, CRE, Methicillin-Resistant Staphylococcus Aureus (MRSA), C. Difficile, and other dangerous bacteria place an entire facility at risk. Public reporting promotes quality of the health care system and transparency promoted the rapid adoption of stronger protocols to confront the outbreak of Ebola throughout the nation this year. A health acquired infection (HAI) outbreak is the occurrence of two or more HAIs that are epidemiologically linked or connected by persons, place, or time; or a single case of a HAI not commonly diagnosed such as a postsurgical group A Streptococcus infection or healthcare-associated Legionella infection. Administrative regulation, 902 KAR 2:020, Section 12: Healthcare-Associated Infection Surveillance, states a healthcare facility in Kentucky that participates in the Centers for Medicare and Medicaid Centers (CMS) reporting programs shall authorize the Center for Disease Control and Prevention (CDC) to allow the Kentucky Department for Public Health to access health care-associated infection data reported to the National Healthcare Safety Network (NHSN). In Northern Europe, less than five percent of staph cultures are MRSA positive and 50 percent in the United States. MRSA is reported to the NHSN for only bloodstream infections. According to NHSN data, Kentucky has the fourth highest incidence of MRSA in all 50 states.

The National Nurses United (NNU) union has

testified before the United States Congress regarding the protection of nurses and how to help prevent the spread of the Ebola virus. Surveillance and isolation of Ebola is advocated and felt as being mandatory. The desire not to have mandates has led to not having standards. A definition of contact precautions should state that a single patient room is preferred for patients who require contact precautions. The current outbreak of Ebola has demonstrated the need to take more precautions for suspected infected patients as well as confirmed infected patients. Because of the billing complexities of facilities, non-payment of HAIs is an ineffective tool to deter the reporting of HAIs.

Kraig E. Humbaugh, MD, MPH, Senior Deputy Commissioner, Department for Public Health, Cabinet for Health and Family Services, stated that gaining awareness of a potential public health problem from the outset allows more time for a thoughtful, considered response, and more strategic use of limited resources. The Kentucky Revised Statutes require the cabinet to implement a statewide program for the detection, prevention, and control of communicable disease and health hazards. Every physician and advanced practice registered nurse shall report all diseases designated by the cabinet as reportable. Kentucky administrative regulation 902 KAR 2:020 establishes who should report the specific diseases and outbreaks and how each should be reported. Healthcare associated infections (HAIs) are only reportable as outbreaks. Reports can be made to either the DPH or a local health department. In 2013, there were 9,689 investigations of reported diseases.

The DPH assists in determining whether an outbreak is occurring, assists in providing guidance for control, determines if facility outbreaks are interrelated across county and state lines, and analyzes and uses the data in public reports. The objectives for updating 902 KAR 2:020 were to make reporting reflect the impact of diseases on the community, revise the list of individual reportable diseases to be more consistent with federal notifiable diseases, and gain better awareness of HAIs. HAIs can happen any place that health care is provided. Risk factors of HAIs include the use of medical devices, surgical procedures or implants, or improper infection control precautions, and are often caused by multidrug resistant organisms (MDROs) that are difficult to treat. A system will be established to issue a public health advisory for reporting a disease felt to be an emerging public health threat. HAIs are mandated to be reported routinely for hospitals participating in the Centers for Medicaid and Medicaid Services (CMS) hospital IQR program. Data submitted to CMS through the National Healthcare Safety Network (NHSN) would be required to be submitted at the same time to the DPH. The CDC's NHSN is the nation's most widely used healthcare associated infection tracking system. The system is free, secure, standardized, and used to benchmark progress of infection control efforts. The Kentucky Health Information Exchange (KHIE) enables safe, secure electronic exchange of patient health information among participating providers and organizations statewide.

In response to a question by Representative Westrom, Dr. Humbaugh stated that facility data will be available but not patient information.

Emily Mills, Frankfort Regional Medical Center, stated that hospital data is transparent. Any occurrence of MRSA in the blood has to be reported. The patient could have contracted MRSA outside of the hospital, but if the virus is found in a hospital patient's blood, it has to be reported. Not all facilities have the same electronic reporting system, so information is reported differently. The goal is to have providers use best practices. Data collection and reporting has to be accurate.

In response to questions by Representative Westrom, Ms. Mills stated that a patient that has been treated for MRSA and released from the hospital no longer carries the virus. But if that same person is admitted again at a later date, they could potentially carry a new strain of the virus with them to the hospital. Dr. Humbaugh stated that some people with MRSA are isolated to prevent the spread of the virus. Ms. Mills stated that patients in the hospital need to be educated about infections.

There being no further business, the meeting was adjourned at 12:24 p.m.

INTERIM JOINT COMMITTEE ON TRANSPORTATION

Minutes of the 6th Meeting of the 2014 Interim

November 6, 2014

Call to Order and Roll Call

The 6th meeting of the Interim Joint Committee on Transportation was held on Thursday, November 6, 2014, at 10:00 AM, in Room 149 of the Capitol Annex. Senator Ernie Harris, Chair, called the meeting to order, and the secretary called the roll. The minutes from the October 7, 2014 Interim Joint Committee on Transportation meeting were approved.

Present were:

Members: Senator Ernie Harris, Co-Chair; Representative Hubert Collins, Co-Chair; Senators Chris Girdler, Jimmy Higdon, Paul Hornback, Ray S. Jones II, Morgan McGarvey, Dorsey Ridley, Albert Robinson, John Schickel, Brandon Smith, Johnny Ray Turner, and Whitney Westerfield; Representatives Denver Butler, Leslie Combs, Jim DeCesare, David Floyd, Keith Hall, Kenny Imes, Jimmie Lee, Charles Miller, Terry Mills, Rick G. Nelson, Tanya Pullin, Marie Rader, Steve Riggs, Sal Santoro, John Short, Arnold Simpson, Diane St. Onge, Fitz Steele, Jim Stewart III, Tommy Turner, and Addia Wuchner.

Guests: From the Kentucky Transportation Cabinet: Mike Hancock, Secretary; Dav Kessinger, Project Manager, Department of Highways, District 5; William Bell, Executive Director Highway Safety, Office of Highway Safety; Steve Waddle, State Highway Engineer; Rodney Kuhl, Commissioner, Department of Vehicle Regulation; Rick Taylor, Deputy Commissioner, Department of Vehicle Regulation; and Kim Jenkins, Legislative Liaison.

LRC Staff: John Snyder, Brandon White, Dana Fugazzi, and Christina Williams.

Recognition of members leaving General Assembly

Chairman Harris welcomed members and guests to the meeting and recognized six legislators that would not be returning to serve in the General Assembly: Senator Bob Leeper, Representative Keith Hall, Representative Richard Henderson, Representative Toby Herald, Representative Jimmie Lee, and Representative John Will Stacy. The Chairman along with several members of the committee commented on and complimented the members on their service to Kentucky. Representative Hall and Representative Lee expressed their gratitude for the well wishes and thanked the Chairmen, committee members, and all legislators for their cooperation.

Kentucky Transportation Cabinet: reconstruction methods used for Milton Madison Bridge

From the Kentucky Transportation Cabinet, Dav Kessinger, Project Manager, Department of Highways, District 5 and Steve Waddle, State Highway Engineer testified about reconstruction methods used for the Milton Madison Bridge.

Mr. Kessinger stated the Milton Madison Bridge links Milton, Kentucky and Madison, Indiana. A unique quality of the bridge is that it was slid into place, rather than shutting the connection down for the projected year that it would have taken to demolish the old bridge and construct a new one. Walsh Construction's design team constructed the new bridge next to the old bridge. Examples of the existing substructure were drilled and evaluated to see what could be reused. The construction team drilled holes, put in rebar and a rebar cage around the existing structure and then encased it in concrete. The next step was to take the larger structure and then put in countermeasures to alleviate potential scour, the removal of sand or sediment around bridge piers that can compromise a bridge's structural integrity.

From the existing bridge, temporary ramps were tied on both ends for the flow of traffic. The new bridge was built downstream 15 feet away and after the new bridge was built, the old bridge was demolished. The pier caps were then completed and the new structure was slid over, reconnecting it and placing it in its permanent place.

There are two diston bearings on every pier cap, which the floating bridge was sitting on. The deck was poured as one combined deck so it all moved together. The bridge was then slid 55 feet to the final location using a sliding plate. During the movement of the bridge a threaded bar that was used to be able to monitor the movement of the slide was used as a brake. There was a laser and target that would monitor and keep it within one inch of each target location to eliminate the potential for internal stresses into the structure.

A time lapse video showed the reconstruction of the new bridge and demolition of the old bridge.

Chairman Harris praised the engineering work and asked about total cost. Mr. Kessinger stated the cost of the bridge was done by an A+B - C type of bidding, which deducts the value of time in reduced

closure from the actual cost of labor and materials. The project cost was \$108 million, with a time value of \$40,000 a day. By shortening the bridge closure from 365 days down to 10, over \$14.2 million in savings was realized. Senator Harris stated that the economies of a few surrounding communities were helped greatly by only closing the bridge for a short amount of time.

Senator Hornback stated he enjoyed the video and expressed that the Milton Madison Bridge was a remarkable engineering feat.

In response to a question asked by Senator Harris, Mr. Waddle stated there are no immediate plans to use the sliding bridge model for reconstruction on other bridges, but now that it has been tested successfully, the approach will not be ruled out in the future.

Walsh Construction, Indiana Department of Transportation, Mr. Kessinger, the Kentucky Transportation Cabinet, and Vapor Engineering were recognized for their part in making the Milton Madison Bridge project a success.

Kentucky Transportation Cabinet: guardrail safety and design

Mike Hancock, Secretary, Kentucky Transportation Cabinet stated a product in wide usage on highways across highways in the United States, including Kentucky, has recently been in the news. The product is a guardrail terminal, also known as an end treatment, called the ET Plus. ET Plus is a brand of one type of guardrail terminal that for many years has been authorized by KYTC for use on Kentucky's highways. The ET Plus guardrail end treatment system is manufactured by Trinity Industries of Dallas, Texas. On October 20, 2014 a federal jury in Marshall, Texas determined that Trinity Industries had committed fraud against the Federal Highway Administration (FHWA) by altering the design of the ET Plus system without disclosing that fact FHWA or to the states that were using the system. As a result, FHWA ordered Trinity Industries to submit the ET Plus system to a new round of crash testing. As Secretary of KYTC, Secretary Hancock stated he supported that action by FHWA, as did the American Association of State Highway and Transportation Officials, of which he is President. In the days following the directive to retest ET Plus, Secretary Hancock decided it would be prudent for KYTC to temporarily take the ET Plus system off of the approved products list, pending the outcome of the new crash test.

On October 24, 2014 Trinity Industries announced it would take the ET Plus product off of the market, also pending the outcome of the new crash test. On October 27, 2014 a memo was sent from KYTC to notify contractors as well as employees that the Cabinet was D listing the ET Plus system as a permitted option for installation or replacement of type one guardrail end treatment. Now, like the FHWA and all of the other states, the Cabinet is awaiting the completion of the crash tests. Once those test results are in, the decision will be made for future use or removal of the ET Plus guardrail end treatment system. If there is real evidence or a directive from FHWA that says the ET

Plus system needs to be replaced, the cabinet will not hesitate to take the necessary action. The cabinet will do what it takes to make Kentucky's roads as safe as they can be.

The cabinet is developing a plan to inventory the ET Plus system locations across the Commonwealth. Secretary Hancock stated that, if it is determined that the ET Plus guardrail end treatment systems need to be removed and replaced throughout Kentucky, the cabinet will do that.

Secretary Hancock stated because the ET Plus issue is in litigation, he is limited on how he responds to questions. In response to a question asked by Senator Jones, he stated that there was a design change in the ET Plus guardrail end treatment system that was not reported to the appropriate officials and there is some debate over whether that design change was tested at the time the change was made. He added there have been suggestions that there is something faulty with the newly designed system, but KYTC has not identified a problem with the ones used in Kentucky.

Senator Jones stated one allegation is that instead of the guardrail absorbing the energy from a collision, the ET Plus guardrail end treatment system is impaling the vehicle. In response to a series of questions asked by Senator Jones, Secretary Hancock stated KYTC is investigating collisions with these end terminals, and one of the reasons it is taking more time than some might deem necessary to complete the evaluation is due to there being two types of the ET Plus guardrail end treatment systems that were installed in Kentucky. One system was installed in 2000 and the other system was installed in approximately 2005 or 2006. The only way to know if the guardrail system in question is the one being evaluated by the cabinet and the FHWA is to physically look at each individual system that has been installed across the state and identify the serial number to see which of the two systems it coincides with. It is a very time consuming process and it is his hope that the retest of the system by the FHWA will determine if the ET Plus guardrail end treatment system is satisfactory and available for use.

Secretary Hancock also stated he is unsure how many ET Plus guardrail systems have been installed across Kentucky. The cabinet is interested in recovering the costs of replacement if deemed necessary.

Chairman Harris expressed his appreciation for the cabinet putting safety first.

Kentucky Transportation Cabinet: traffic safety statistics

William Bell, Executive Director Highway Safety, Office of Highway Safety, KYTC, stated since 2005, with cooperation from the General Assembly, KYTC along with several partners has made a huge difference in highway safety. One partner is The National Highway Traffic Safety Administration (NHTSA), which was formed in 1970 after fatalities reached an all-time high of 56,000 nationally. In Kentucky, the high number of fatalities reached 1,117 in 1973. Kentucky is in the Mid-Atlantic region, one of the better performing regions covered by NHTSA.

Mr. Bell stated recognizable campaigns that the

Cabinet promotes every year include the "Click it or Ticket" campaign, the "Drive sober or get pulled over" campaign, and the recent "U Text, U Drive, U Pay" campaign. He stated the "U Text, U Drive, U Pay" campaign is the no texting while driving enforcement.

Mr. Bell also shared with the Committee the daily fatality statistics report, which is broken down by ADD district, highway district, and KSP post. The report includes alcohol related fatalities, in which Kentucky is one of the lowest in the country (19.3 percent of accidents). In the category of restraint belt not in use, 52 percent of Kentucky fatalities were not wearing seat belts, down from 55 percent last year.

Mr. Bell stated when referencing total crashes, he is comparing crashes using a 2005 base number. In 2005 there were 128,600 crashes in Kentucky as opposed to in 2013 where there were 123,258 crashes, a decrease of about 4 percent. Injury crashes are down 21 percent and fatalities are down 35 percent in that same time frame. Last year saw a record low of 638 fatalities in Kentucky.

Mr. Bell stated it is important to note that in 2005 the primary seat belt law was passed. The Kentucky State Police as well as every law enforcement agency has enforced the seat belt law and as a result in 2013, all of the agencies combined wrote over 100,000 seat belt citations. That number has steadily increased since 2005. The observed seat belt use has gone from 67 percent in 2005 to 86.1 percent in 2014.

In response to a question asked by Chairman Collins concerning texting and driving, Mr. Bell stated proving that a driver is texting is complicated and difficult to enforce. He added that when a law enforcement agency takes an incentive grant from the cabinet, it is required that there be two people in the vehicle, one as a spotter and the other as a driver. If the officer designated as the spotter sees someone texting, which by their standards consists of the person not having a phone to the ear, or it does not look like they are talking to themselves, and if they are playing with a phone, then they receive a citation.

In response to a question asked by Chairman Collins, Mr. Bell stated the phone in question would not have to be present in court to prove the texting while driving case. The word of the officer is taken as proof just as in a reckless driving case. He added that in the case of a fatality collision case, the phone records would be subpoenaed. It is impossible to subpoena the records for every case.

Representative DeCesare voiced his concerns over an officer being able to tell if the driver is dialing a phone number or texting. He also voiced his opinion that the texting while driving issue could be covered under the umbrella of reckless driving. Representative DeCesare added that he agrees something must be done to address the texting while driving issue because it is dangerous.

Representative Hall commended Mr. Bell on the work that the cabinet has done with regards to safety issues. He addressed Mr. Bell and thanked him for working with him for several years on the booster seats for 7 and 8 year olds issue.

Representative Hall expressed that it is his wish that after he leaves the General Assembly someone will continue to advocate for 7 and 8 year old booster seat laws.

Senator Jones commented that there are several products that could be used to account for distracted driving such as the use of cell phones, computer tablets, or GPS systems. He added that since 2012 there have been 400 traffic deaths in Kentucky where distraction or inattention with cell phone use has been listed as a contributing factor. He agreed that something needs to be done.

Mr. Bell stated technology has been a problem for traffic safety, citing the trend of rising collisions in 2009, 2010, and 2011. He believes the spike occurred during those years due to social media and the usage of smart phones increasing. He also stated there is an issue with phones as well as in the dash of some vehicles.

Mr. Bell stated there is a need for advancements in technology to help deal with the distracted driving issue. Kentucky offers a free text limit application for smart phones that will disable the phone if going more than 10 MPH. If there is an emergency, the driver or passenger can override it. Kentucky needs to make laws conducive to today's society.

Representative St. Onge stated she would like to see what other factors were involved in determining the correlation between the implementation of the primary seatbelt law and the decrease in incidences of death or serious injury and to have those same factors maintained throughout each of the studies the cabinet conducts as the years progress. She requested the committee be provided with a list of what those factors are.

In response to a question asked by Representative Combs concerning federal funding potentially being impacted due to these risk factors, Mr. Bell stated the federal funding comes in multiple ways. First is 402 funding, which is overtime enforcement and non-law enforcement grants, such as the University of Kentucky doing their annual seatbelt surveys. There are also 402 grants that go to health departments, and those grants have increased due to the push for booster seats, which Mr. Bell added the cabinet is starting to call belt positioning seats to better describe what the 7 and 8 year olds need to be in. There are also 405 grants which are incentive grants that the cabinet receives for traffic records, motorcycle and seatbelt safety, and alcohol and impaired driving. The cabinet applies and receives those grants every year.

Representative Combs stated the cabinet needs to stay focused on these grants and continue to work on things that keep the people of the Commonwealth of Kentucky safe but at the same time that can also be directly related to funding options that might be available to Kentucky.

Status of emergency regulations for TNCs (ride sharing companies)

Rodney Kuhl, Commissioner, Department of Vehicle Regulation, KYTC stated the cabinet has been working very closely with other agencies especially the Department of Insurance to make sure the emergency regulation concerning TNCs that is

to be filed will cover all of the cabinet's concerns and the concerns of all the stakeholders involved. Commissioner Kuhl stated that, since the meeting, the cabinet has met with the taxi industry and other TNC companies for their concerns and comments. The draft of the emergency regulation has addressed all of the areas and concerns that Kentucky and the stakeholders have had concerning TNCs.

Because TNCs are such a new business model for all states, Commissioner Kuhl stated the cabinet wanted to ensure that all aspects of the business model were able to protect the citizens of the Commonwealth. At the request of some committee members, the cabinet has observed other state laws and city ordinances concerning TNCs, and they seem to work well and benefit all parties involved. The cabinet is looking forward to incorporating those laws and ordinances in Kentucky.

Commissioner Kuhl stated the current draft of the emergency regulation is being given the final review before it is released to TNCs for review. The emergency regulation should be available to come before the Administrative Regulations Committee at its December meeting.

Kentucky Transportation Cabinet's 2015 legislative agenda

Kim Jenkins, Legislative Liaison, Kentucky Transportation Cabinet said that the cabinet's 2015 legislative agenda is not yet finalized, but that she would take issues and suggestions back to the cabinet and Governor's Office for review.

Representative Riggs stated flashing yellow left turn arrows, especially in metropolitan communities, are being widely requested. Secretary Hancock stated he has been made aware of the popularity of them and added that they function reasonably well. The cabinet is placing more flashing yellow left turn arrows throughout the state and continues to look for opportunities to put those in motion. Concerning the funding of the flashing yellow left turn arrows, Secretary Hancock stated the cabinet is working those through the traffic budget as they address intersection issues and as part of the overall intersection redesign.

Representative Pullin requested evaluating the speeds in school zones. Some school zone speeds have increased recently and it is her opinion that is an unnecessary safety concern. She asked if there is a change that could be made to keep school speed zones where they are and not faster.

Correspondence

Chairman Harris directed the attention to two pieces of correspondence. The first was a KAVIS update letter in which the cabinet advised that it will be taking over development of KAVIS after the Finance Cabinet formally rejected the 3M Software. The KYTC will construct KAVIS in modules developed independently, starting with print-on-demand registration decals and real time document scanning in 2015. The second correspondence piece was the response from the Kenton County Airport Board to the Auditor's report on the Cincinnati/Northern Kentucky Airport presented at the committee's October meeting. The Kenton County Airport Board will be implementing all of the auditor's recommendations under the board's

control.

Chairman's remarks

Chairman Harris said that the average wholesale price (AWP) of gasoline, which is used to calculate the variable portion of the motor fuels tax, will decrease tremendously in October. This will result in a 4 to 4.5 cent drop in the per gallon tax. He said that the General Assembly should examine the idea of amending the statutes to limit the potential decrease in the gas tax to 10 percent in any year, similar to the existing 10 percent limit on any increase. He will introduce appropriate legislation in the upcoming session.

Representative DeCesare expressed concern that hybrid and electronic vehicles are not paying their fare share of road usage because the gas tax is not being collected through drivers of those vehicles.

With no further business to come before the committee, Chairman Harris adjourned the meeting at 11:30 P.M.

INTERIM JOINT COMMITTEE ON STATE GOVERNMENT Task Force on Elections, Constitutional Amendments, and Intergovernmental Affairs Minutes of the 2nd Meeting of the 2014 Interim

October 28, 2014

Call to Order and Roll Call

The 2nd meeting of the Task Force on Elections, Constitutional Amendments, and Intergovernmental Affairs of the Interim Joint Committee on State Government was held on Tuesday, October 28, 2014, at 1:00 PM, in Room 171 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 Darryl T. Owens, Co-Chair; Senators Ernie Harris, Christian McDaniel, Morgan McGarvey, Albert Robinson, Dan "Malano" Seum, and Damon Thayer; Representatives Larry Clark, Joseph M. Fischer, Derrick Graham, Mike Harmon, Mary Lou Marzian, Sannie Overly, and Bart Rowland.

Guests: Maryellen Allen, Executive Director, State Board of Elections; Mary Sue Helm, Director of Administration and Elections, Secretary of State; Greg Woosley, Legislative Analyst, State Government Committee; Don Blevins, Fayette County Clerk; and Gabrielle Summe, Kenton County Clerk.

LRC Staff: Judy Fritz, Karen Powell, Greg Woosley, Terrance Sullivan, Kevin Devlin, and Terisa Roland.

Approval of Minutes

The minutes of the September 23, 2014 meeting were approved without objection, upon motion by Senator Harris and second by Senator McDaniel.

Election Precinct Establishment and Maintenance

The task force heard three different perspectives on the same issue: how election

precincts are established and maintained, and changes needed to improve the process.

Maryellen Allen, the Executive Director of the State Board of Elections, Lynn Zellen, Counsel for the State Board of Elections, and Mary Sue Helm, the Director of Administration and Elections with the office of the Secretary of State testified first.

Ms. Allen discussed the role of the State Board of Elections in reviewing county precinct establishment orders (PEOs). KRS 117.055 provides that counties shall establish precincts so that no boundary of a precinct crosses the boundary of a county, Congressional district, state legislative district, justice of the peace or county commissioner district. Precincts must follow the boundaries of those districts and should follow city and school board districts where possible as well. The counties establish precincts by issuing a proposed PEO and submitting it to the State Board for approval. Each PEO consists of three items: (1) a written description of the boundaries of the precinct; (2) a map of the precinct boundaries; and (3) an estimate of the number of registered voters in the precinct. The map must be clearly labeled to identify the precinct boundary lines, and if the precinct boundary follows a city or school board district line this should be clearly noted.

Ms. Allen stated that the State Board has thirty (30) days from receipt of the PEO to determine that the proposed precinct does not cross any boundaries of congressional, state legislative, or local legislative districts; that city boundary, school board district, or other visible features are utilized; and that the precinct boundaries are clearly labeled on the supplied map. Ms. Allen noted that the counties submit paper maps and the State Board will follow the paper map and written description to check for these requirements; however, because the State Board does not have geographic information system (GIS) capabilities, its review is based on the materials the counties submit and as long as a county indicates that no district lines are being crossed, the State Board accepts the PEO as filed. Ms. Allen stated that if the submitted PEO does not meet the statutory requirements on its face it is returned to the county for resubmission or a request for exemption. At the same time that the State Board is conducting its review, a copy is also sent to the Legislative Research Commission (LRC) for an opportunity to comment on the PEO, pursuant to statutory authority. Ms. Allen noted that one area of possible change could be a requirement that the State Board not approve a PEO until any comments made by LRC are addressed by the county. She also stated that the State Board has a limited staff and budget, and consequently, that her office is primarily paper based when it comes to the PEO review process.

Counties are permitted to modify precinct boundaries between elections, but that the significant modification process that occurred after redistricting will not be repeated until after the 2020 round of redistricting. In response to a question from Senator Bowen regarding how often maps are contested or rejected, Ms. Allen said the counties went through a significant reapportionment of their

magisterial districts, and when they had to lay the local district lines over the new legislative district lines, the degree of issues largely depended on the resources of each county. She noted that there was significant variability in the level of detail in the maps submitted by the counties and that some counties received GIS assistance from the Area Development District offices. Generally speaking, less issues or discrepancies existed for the counties with more sophisticated mapping capabilities, and those counties more easily addressed any issues discovered in the PEO review process.

Ms. Allen gave a Power Point presentation to accompany her testimony, which is available in the Legislative Research Commission library.

LRC'S Role in Precinct Establishment and Maintenance

The Legislative Research Commission reviews precinct orders and maintains the data for the General Assembly's use in the redistricting process. Greg Woosley, Legislative Analyst with the State Government Committee staff, reviewed LRC's role. The State Board of Elections forwards copies of PEOs to LRC for review and an opportunity to comment, as provided by statute. He noted that KRS 7.550 states that LRC should comment on any adverse affect the proposed PEO may have on the Commonwealth's participation in census programs. LRC review includes looking at the map and written description to see if there is any discrepancy or problem with either supplied document, but also whether the proposed precinct boundaries cross any congressional or state legislative district line. LRC often requests an electronic copy, a GIS shapefile, of the precinct boundaries, which makes the review much easier and quicker. LRC comments are largely focused on whether the proposed precinct boundary lines divide, or split, any existing census blocks. This is because the Commonwealth receives census data at the whole census block level, which is the smallest area of data received and the fundamental building block of redistricting plans, and when a block is split this can have an adverse affect on the redistricting process because the population in the whole block has to be accounted for in the resulting split block portions.

Mr. Woosley noted that accounting for these split block populations takes a considerable amount of time and staff resources, and that ultimately the process of building a split block layer for precinct population data delays the General Assembly's ability to use the data for redistricting – at least if precincts are desired to be used in the process. Mr. Woosley said that there is currently no statutory prohibition on splitting census blocks with precinct boundary lines, and without a prohibition, counties frequently split census blocks, which results in numerous split blocks around the state. Consequently, the State Board has no real authority to reject PEOs based on LRC's comments regarding split blocks, and LRC's comments are therefore largely ignored and split blocks are rarely, if ever, remedied in the PEO process.

Mr. Woosley stated that LRC is dependent on the counties and the State Board of Elections providing precinct boundary data, and he noted

that in his time reviewing PEOs, both the counties and the State Board had done an exemplary job of getting LRC the data it needs to maintain a precinct layer for redistricting. However, LRC knows that not all precinct data was forwarded to LRC in the past, and that any lack of precinct data results in the LRC database having inaccurate county precinct boundary lines for the General Assembly to use in the redistricting process. Also, LRC has seen a number of common issues with PEOs that lead to county difficulties, rejected PEOs, and inaccuracies in the precinct layer maintained by LRC. One common issue is that written descriptions sometimes do not precisely follow paper maps, which results from the written description process being difficult, tedious, and laborious work for many county clerks. Additionally, often the county boards of elections will create precinct boundaries that do not follow any underlying physical feature – such as a road or a stream – that can actually be seen on the ground or a map. An example is when counties use a local legislative district line for a precinct boundary and the legislative line does not follow any physical feature, both of which are not prohibited by statute. LRC has to attempt to digitize this precinct boundary line in its database; however, inaccuracies in locating the precinct boundary can result when no underlying feature is used as a reference point. LRC has also seen that the counties have varying degrees of mapping capabilities, with some counties submitting very good and easy to follow maps and others submitting more rudimentary hand drawn maps that make accurately locating precinct lines difficult. Also, some counties with sophisticated GIS departments may utilize their own local data layers to build precinct boundaries – such as a city road layer – that in some cases may be more current and accurate than the state layer used by LRC or the Census Bureau, which results in more inaccuracies in the LRC database of precincts.

Pursuant to KRS 7.550, LRC maintains its database of precincts for the General Assembly to use in the redistricting process. The statute was enacted in 1992, which was around the time of the 1990 redistricting cycle, and Mr. Woosley posited that this was likely due to the growth in the use of GIS data around that time and a notion that having an in-house precinct database would be a good idea going forward. The database is based entirely on the maps and written descriptions received from the counties over the years, and it is updated between decennial census cycles by reference to the PEOs received from the counties. Near the end of the last decennial census cycle, LRC undertook an extensive verification process with the counties, where maps of the precincts in the LRC database were sent out to the counties and each county was requested to note any discrepancies and needed changes or to sign off on the data as being accurate. LRC received verification from all 120 counties and believed that the database would be very accurate for the 2010 cycle of redistricting; however, a number of discrepancies were nonetheless seen after redistricting when the counties had to adjust precinct lines to meet new legislative district lines. The discrepancies were almost entirely caused by very

slight precinct boundary differences that naturally resulted from the use of two separate databases of precinct boundaries – those created and maintained by the counties and those digitized and maintained by LRC. These slight precinct differences can then cause the counties to have to create new “sliver” precincts – sometimes with very few or no voters – to be in technical compliance with the statutory mandate that no precinct line cross a Congressional, state, or local legislative district line.

Mr. Woosley noted that one factor that causes the issue of these “sliver” precincts is the timing of local reapportionment and state redistricting. Counties are required by statute to reapportion their local legislative districts beginning in May of the first year following the decennial census, so years ending in one (XXX1), but state legislative redistricting is often conducted in the first even-year regular session following the census, or years ending in two (XXX2). He stated that some merged governments are authorized to defer local reapportionment until after redistricting, which may allow the county to see where the Congressional or state legislative district lines are located prior to drawing new local legislative district lines – thereby conforming the two sets of district lines to reduce the likelihood of the “sliver” precinct necessity. Another factor in the timing of state legislative redistricting is the continued practice of splitting census blocks by precincts, which necessarily delays the General Assembly from conducting redistricting if it continues to use precincts in the process because of the time required to build the split block layer discussed previously.

Mr. Woosley noted that some states handle precincts a little differently. For example, in Tennessee all precinct data is received from the counties and maintained by the Comptroller's office. That office developed its own in-house GIS software package that it makes available to the counties at no cost, and it makes frequent on-site visits to nearby counties to assist them with precinct mapping if they do not have the capability to utilize the GIS software. For those counties that are further out in the state, the Comptroller's office partners with agencies akin to Kentucky's Area Development Districts to ensure that every county has the ability to electronically map its election precincts and send that data to the state repository. The Comptroller's office also hosts all of the precinct data on its website, which allows the public, candidates, and the counties themselves to continually access and “fact check” the precincts that are used in its elections. Additionally, Tennessee mandates that no precinct boundary can split a census block, which makes receiving and using census data at the precinct level seamless.

Mr. Woosley discussed a few legislative proposals and other possible changes to the manner in which precincts are established and maintained, or local reapportionment is conducted to make the state and local processes work more efficiently. In the 2014 Regular Session, SB 210 would have permitted the counties to modify local legislative district lines at any time to remedy the necessity for the “sliver” precincts, and HB 115 would have permitted all

forms of local government types to defer local reapportionment until after state legislative redistricting. Another possible change that could drastically reduce the labor required to establish and maintain precinct boundaries is the elimination of paper maps and written descriptions in favor of all precincts being submitted by electronic maps. Kentucky could also create a central database of election precincts and standardize the data that is being used by the counties and the state to essentially eliminate the discrepancies that result from the use of multiple databases. Kentucky could prevent census blocks from being split by precinct lines and undertake a greater participation in the Census Bureau's block boundary suggestion project to try to have more useful block lines created in areas where there may currently be insufficient blocks to use as the basis of precinct lines.

In response to a question from Senator Bowen on what happens when a census block is split, Mr. Woosley stated that if the census block split is not incorporated into a whole block by the census bureau before the next census, the LRC GIS staff must create a split block layer and allocate population from the whole block to the portions of the split block. In a follow-up question about how counties would submit electronic precinct maps, he said that all of the counties would either have to have GIS capabilities or the state would have to provide resources to assist some counties to move to GIS based mapping.

In response to a question from Senator McDaniel about a server or cloud-based system, Mr. Woosley agreed that would be an ideal solution to accommodate all 120 counties, but one software vendor indicated that current software solutions at the desktop level would likely provide a more robust and secure GIS solution – at least at this time or according to that one vendor. In response to a second question concerning a recommendation as to how the existing inconsistencies could be resolved and whether the LRC database or the county databases should prevail, Mr. Woosley stated that going forward the ideal solution would be that the General Assembly uses the same precinct data that the counties initially create – from a central database of precinct boundary data. Absent that solution, he noted that providing the counties with a means to modify the local legislative district lines to prevent the “sliver” precincts would alleviate some of the discrepancy issues on the back end of the process.

In response to a question from Senator Seum regarding the authority a county clerk has to consolidate or eliminate precincts and what population numbers might govern the process, Mr. Woosley stated that the PEO process allows a county to create, eliminate, or alter a precinct or precinct boundary and that counties routinely consolidate or merge precincts. He also noted that the statute speaks requires counties to review the boundaries of any precinct that exceeded 700 votes cast in the preceding election, and that the State Board may withhold election expenses for any precinct that has greater than 1,500 registered voters.

Mr. Woosley stated in response to a question from Senator Bowen regarding deadlines for making

suggested changes that the Census Bureau has a Phase II program beginning in 2016 that collects state election precincts for data reporting, and that if a central database was a desirable solution it would benefit the state to have it in place for the Phase II program.

Mr. Woosley gave a Power Point presentation to accompany his testimony, which is available in the LRC library.

County Clerk's Perspectives on Precinct Establishment

County clerks gave their perspectives on how precincts are established and maintained, and how the redistricting process impacts county government. Gabrielle Summe, Kenton County Clerk, testified regarding her experience with precinct establishment and maintenance. She stated that she worked with the State Board and LRC on these issues over the last couple of years, and noted that it was a very overwhelming process in the wake of local reapportionment and state redistricting. She wanted to discuss the past manner of handling precinct data, and wanted to look toward the next phase of how this data would be managed going forward.

Statistically, Kenton County always has a very complicated election ballot due to the number of small cities in the county – over twenty – and many that have several unincorporated areas. This large number of cities results in voters often having city addresses even though they live outside the city limits. Also, there are five school boards, some with five divisions that run on different election cycles. To manage its elections, Kenton County started with 108 precincts prior to local reapportionment and redistricting, and while eight were eliminated, seven new precincts were created. Two of the new precincts that were created have no persons within the precincts, and two more have only a hundred or fewer registered voters, which are the so-called “sliver” precincts that are required to be created due to small areas being sandwiched between state and local district lines. Ms. Summe noted that Kenton County attempted to use whole cities when it created its local districts, but that these cities were not necessarily retained whole by the state districts. Because the local reapportionment was completed first, this resulted in a choice between either going back to the fiscal court to redraw local districts, which is a difficult process, or creating new precincts between the two sets of lines.

Ms. Summe also discussed the General Assembly's use of census blocks to construct districts and noted that the sheer number of blocks is overwhelming to counties without access to detailed census block maps. She testified that written descriptions are cumbersome and difficult to create for the counties, and she questioned whether the written description serves any useful purpose to citizens or voters attempting to locate in what precinct they live and vote. She urged the members to consider some process of standardizing the data that is used between the counties and the state, and to allow counties a means to better utilize the equipment, polling locations, and poll workers they have to reduce the cost of administering elections.

Don Blevins, Fayette County Clerk, said

that Fayette County has faced many of the same challenges as Kenton County, and he noted that nearly every county will be forced at one time or another to create precincts with very few or no voters due to data discrepancies in precincts. He stated that LRC and the General Assembly focus on the census block because that is the fundamental level of data used by the Census Bureau that is reported to the state for redistricting. However, Mr. Blevins said that the census block does not always work well for dividing counties into political districts or for drawing city boundary lines. Ultimately, he said that while the federal government has made decisions on where to create blocks based on collecting population data, those decisions do not necessarily reflect how cities and counties want to organize their political structures. Thus, the LRC perspective considers only the data at the census block level and does not want census blocks to be split for redistricting reasons, but the county perspective is based on dividing its area into precincts for political and administrative reasons and the counties' major concern is that the General Assembly not split precincts with district lines. He noted that the core decision point is what level of data is going to serve as the basis for both the state and the county – whether that is the census block or another data point, such as the precinct. Mr. Blevins suggested that one “low hanging fruit” remedy to the “sliver” precinct problem is making an allowance for local governments to change their local legislative district lines after state redistricting to coordinate precinct lines with both local and state district lines.

Ms. Summe gave a Power Point presentation to accompany her testimony, which is available in the Legislative Research Commission library.

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

INTERIM JOINT COMMITTEE ON AGRICULTURE

Subcommittee on Horse Farming Minutes of the 2nd Meeting of the 2014 Interim

November 12, 2014

Call to Order and Roll Call

The 2nd meeting of the Subcommittee on Horse Farming of the Interim Joint Committee on Agriculture was held on Wednesday, November 12, 2014, at 10:00 AM, in Room 129 of the Capitol Annex. Representative Susan Westrom, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Sara Beth Gregory, Co-Chair; Representative Susan Westrom, Co-Chair; Senators Carroll Gibson, Paul Hornback, and Damon Thayer; Representatives Lynn Bechler, Derrick Graham, James Kay, Michael Meredith, David Osborne, Tom Riner, Rita Smart, and Wilson Stone.

Guests: John Ward, Jamie Eads, Dr. Mary Scollay, and Greg Lamb, Kentucky Horse Racing Commission; Chauncey Morris, Kentucky

Thoroughbred Association/Thoroughbred Owners and Breeders; Rusty Ford, Office of the State Veterinarian.

LRC Staff: Tanya Monsanto, Lowell Atchley, and Kelly Blevins.

The minutes of the October 8 meeting were approved without objection.

Kentucky Horse Racing Commission

The subcommittee received a report covering the Breeders Incentive Fund Program, equine health issues, and pari-mutuel wagering from Mr. John Ward, Executive Director, Ms. Jamie Eads, Director, Division of Incentives and Development, Dr. Mary Scollay, Equine Medical Director, and Mr. Greg Lamb, Supervisor of Pari-mutuel Wagering, Kentucky Horse Racing Commission.

Mr. Ward discussed the progress of the horse racing industry.

Ms. Eads reviewed the three divisions of the Breeders Incentive Fund Program – the Thoroughbred fund, the Standardbred fund, and the non-race breed fund. According to her report, awards in 2013 totaled almost \$10.5 million for Thoroughbred races run in Kentucky, in other states, and internationally. Awards were made in 3,984 races; the average award per race was \$2,634. A total of \$50,000 was paid out in 2013 for the state's premier Thoroughbred race, the Kentucky Derby.

Ms. Eads said the Standardbred fund has allocated \$17 million since the beginning of the program in 2006. Larger awards are earned in the Sire Stakes races run at the Red Mile in Lexington. A total of \$9.2 million has been allocated to the non-race fund since the inception of the program.

Dr. Scollay discussed the current international investigation into the use of Cobalt, an emergent horse blood doping threat. She discussed the effect of Cobalt on horses, blood doping methods, and how scientists are addressing the problem.

Mr. Lamb provided figures on the live racing handle in 2013 and to date in 2014, total wagering on historic races, and totals for advanced deposit wagering (ADW).

Mr. Ward likened the Breeders Incentive Fund, created by the 2005 General Assembly as a part of tax modernization legislation, as a "jobs" program.

Senator Thayer said the program incentivizes horse breeding. Kentucky's Breeders Incentive Fund Program receives its funds from sales taxes on fees paid for breeding a stallion to a mare in the state. Many states have similar programs but supplement their programs with casino gaming revenues. Also, other states have fewer mares being bred.

Responding to Co-Chair Gregory, Ms. Eads explained how the incentives work for the non-race breeds.

Dr. Scollay answered several questions from Representatives Riner, Bechler, and Osborne, and Senator Gibson regarding the effect of Cobalt on horse organs, in particular, the thyroid gland, the expense of the drug and how it compares to certain vitamins, which also contain some Cobalt, the scope of the problem, the stance being taken by the Racing Medication and Testing Consortium, medication guidance available for owners and trainers, and the use of caffeine on horses.

Senator Thayer said the ADWs are diverting funds from live track racing. He mentioned the need to change the tax structure of ADWs to bring them in line with the live track tax structure.

Responding to Senator Thayer regarding the recent disputed Breeder's Cup Classic Thoroughbred race at the Santa Anita track in California, Mr. Ward indicated that the race was run under California rules. Stewards in that state can exercise judgment in regard to a steward's inquiry. The outcome would have been different had the race been run in Kentucky.

Mr. Ward also commented on Senator Thayer's questions regarding a dispute involving some tracks over 2015 racing dates. Mr. Ward discussed the need to look at race dates in 24-36 month spans. The ending KHRC discussion also included the Breeder's Cup races, which will be run at Keeneland next year.

Kentucky Thoroughbred Association

Mr. Chauncey Morris, the new Executive Director of the Kentucky Thoroughbred Association/Thoroughbred Owners and Breeders, reported four topics--the current foal crop numbers, Thoroughbred sales, the Kentucky Thoroughbred Development Fund, and the Breeder's Cup.

Mr. Morris said the most recent numbers for Thoroughbred mares bred stood at 16,894, compared to 15,781 the previous year. The foal crop may reach the 10,000 mark again, comparable to the pre-recession 2008 crop numbers. More foals are born in Kentucky than other states, and most of the foal births occur within a 60-mile radius in central Kentucky.

Mr. Morris talked about the profitability in the middle part of the Thoroughbred market, noting the middle market is where the "mom and pop" operations make money. Recent Thoroughbred sales are robust. The Thoroughbred Association participates in an "emerging markets" program that looks at ways to get more horses to market.

Regarding the Breeder's Cup, Mr. Morris indicated those involved in the industry are excited because the event represents a merger of breeding stock and racing. He called the event the "professionals' race."

Office of the State Veterinarian

Mr. Rusty Ford, Equine Programs Manager, Office of the State Veterinarian, testified about prevalent equine diseases in the state, equine welfare issues, and the problem of stray horses in parts of Eastern Kentucky. Regarding the free-roaming horses problem, county animal shelters are hard-pressed to care for the horses. There has been some discussion about seeking legislation to reduce the 90-day holding time for someone taking in a horse.

Mr. Ford reported that in 2013, a total of 3,707 horses – of which 2,800 were Thoroughbreds – were exported from Kentucky. The Office of State Veterinarian tracks those movements of horses. Some 400-600 horses are imported into Kentucky in a given year.

Commenting on the free-roaming horse issue, Representative Stone said he applauded the notion of reducing the stray holding timeframe.

The subcommittee passed by voice vote a resolution lauding departing Co-Chair Sara Beth Gregory.

Documents distributed during the meeting are available with meeting materials in the LRC Library. There being no further business, the meeting was adjourned.

INTERIM JOINT COMMITTEE ON AGRICULTURE

Subcommittee on Rural Issues

Minutes of the 2nd Meeting of the 2014 Interim

November 12, 2014

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 12, 2014, 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; David P. Givens, Dorsey Ridley, and Whitney Westerfield; Representatives Jim DeCesare, Kim King, Suzanne Miles, Terry Mills, Steven Rudy, Jonathan Shell, John Short, and Tommy Turner.

Guests: Kristin Meadors, Director of Governmental and Regulatory Affairs, Kentucky Distillers' Association, Clay Smith, craft distiller, Peg Hayes, craft distiller and Don Dott, Director, Kentucky State Nature Preserves Commission.

LRC Staff: Stefan Kasacavage, Kelly Ludwig, and Susan Spoonamore.

Economic Impact of Kentucky's Bourbon and Distilled Spirits Industry

Ms. Kristin Meadors, Director of Governmental and Regulatory Affairs, Kentucky Distillers' Association, discussed the economic impact of Kentucky's bourbon and distilled spirits industry. The Kentucky Distillers' Association is headquartered in Frankfort, Kentucky and has 24 member companies. The economic impact study was conducted by the University of Louisville's Urban Studies Institute. Kentucky's distilling industry is responsible for 15,400 jobs with an annual payroll of \$707 million. Distillers give away \$2.5 million worth of spent grain to local farmers to feed almost 90,000 cows per year. Ms. Meadors explained the Kentucky Distillers' Association is creating partnerships with the Governor's Office of Agricultural Policy, Kentucky Corn Growers Association and Kentucky Department of Agriculture.

In response to Representative Shell, Ms. Meadors stated the economic impact study served as a benchmark as to how much Kentucky grain is being used and efforts to increase usage of Kentucky grain is ongoing.

In response to Senator Givens, Mr. Smith stated one of the biggest challenges to craft distillers is overcoming the inability to sell alcohol by the drink and on site to tourists. Ms. Meadors stated the Kentucky Distillers' Association has created a document to assist start up craft distillers.

In response to Senator Humphries, Ms. Meadors stated a craft distiller, in Kentucky, is considered a distiller producing 50,000 gallons or less of distilled spirits per calendar year.

In response to Representative Shell, Ms. Meadors explained Kentucky does have cooperages and there are ongoing discussions about the potential of a glass production facility relocating to Kentucky.

Rare Plant Species and Emerald Ash Borer

Mr. Don Dott, Director, Kentucky State Nature Preserves Commission discussed rare plant species and emerald ash borer. Mr. Dott stated an official list of rare plants in Kentucky was established in 1994. Mr. Dott stated although the list recognizes the importance of rare plants it does not provide any protection of the plants. Mr. Dott explained there are 2,030 native plants in Kentucky and 286 of those are listed as threatened or endangered. Mr. Dott explained HB 491 was introduced in the 2014 Regular Session. HB 491 establishes a database of endangered or threatened plant species and prohibits any person from engaging in an activity which would threaten or harm the species. Mr. Dott stated HB 491 passed the House but the session ended before the Senate was able to take action on the bill.

Mr. Dott explained emerald ash borer is the most significant tree killing pest Kentucky has faced. Thirty-one counties have had emerald ash borer infestations, and there are infestations in all adjacent states. Kentucky is no longer trapping, so reports of new infestations will occur more slowly.

Representative Kay asked members to support HB 491 in the 2015 Regular Session and thanked Representative King for her assistance with HB 491 during the 2014 Regular Session. Representative King requested proceedings of HB 491.

In response to Senator Humphries, Mr. Dott responded there are no options for stopping the emerald ash borer disease at this time. Trees can be treated individually. Mr. Dott indicated there is ongoing research related to a potential predator from China to assist in the eradication of emerald ash borer.

In response to Representative Mills, Mr. Dott confirmed the statewide ban on bringing firewood from other states to campsites remains in effect as an effort to reduce the spread of emerald ash borer.

In response to Representative King, Mr. Dott explained Kentucky is no longer trapping because the emerald ash borer disease is so widespread.

There being no further business, the meeting was adjourned.

LEGISLATIVE RESEARCH COMMISSION

Minutes of the 545th Meeting

November 12, 2014

Call to Order and Roll Call

The 545th meeting of the Legislative Research Commission was held on Wednesday, November 12, 2014, at 1:30 PM, in Room 125 of the Capitol Annex. Senator Robert Stivers II, 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, Jerry P. Rhoads, Dan “Malano” Seum, Brandon Smith, Katie Stine, Damon Thayer, and Johnny Ray Turner; Representatives Rocky Adkins, John Carney, Larry Clark and Bob M. DeWeese.

LRC Staff: Marcia Seiler and Christy Glass

There being a quorum present, Senator Robert Stivers called for a motion to approve the minutes of the August 6, 2014, meeting; accept and refer as indicated items A. through L. under Staff and Committee Reports; refer prefiled bills as indicated and approve items A. through H. and item I, which had been distributed to all members separately from the agenda book, under New Business; and accept and refer as indicated items 1. through 54. under Communications. A motion was made by Representative Stumbo and seconded by Senator Thayer. A roll call vote was taken, and the motion passed unanimously. The following items were approved, accepted, or referred.

The minutes of the August 6, 2014, meeting were approved.

Staff and Committee Reports

Information requests for August 2014 through October 2014.

Committee Activity Reports for August 2014 through October 2014.

Report of the Administrative Regulation Review Subcommittee meetings on August 7, September 12 and October 14, 2014.

Committee review of the administrative regulations by the Interim Joint Committee on Education during its meeting of August 11, 2014.

Committee review of the administrative regulations by the Interim Joint Committee on Health and Welfare during its meetings of September 17 and October 15, 2014.

Committee review of the administrative regulations by the Interim Joint Committee on Local Government during its meeting of September 24, 2014.

Committee review of Executive Reorganization Order 2014-460 by the Interim Joint Committee on Education during its meeting on August 11, 2014.

Committee review of Executive Reorganization Order 2014-559 by the Interim Joint Committee on Education during its meeting on August 11, 2014.

Committee review of Executive Reorganization Order 2014-560 by the Interim Joint Committee on Health and Welfare during its meeting on August 4, 2014.

Committee review of Executive Reorganization Order 2014-561 by the Interim Joint Committee on Health and Welfare during its meeting on August 4, 2014.

Memorandum from Teresa Arnold, Deputy Director for Research, submitting the 2014 Report of the Military and Overseas Voting Assistance Task Force. (Staff suggested committee referral: Veterans, Military Affairs, and Public Protection.)

Committee review of Executive Reorganization Order 2014-618 by the Interim Joint Committee on Health and Welfare during its meeting on September 17, 2014.

New Business

Referral of prefiled bills to the following committees: **BR 65** (relating to legislative procedures for state fiscal measures), **BR 116** (relating to coal severance revenues), **BR 118** (relating to sales and use tax holidays and declaring an emergency), **BR 178** (relating to the promotion of organ and tissue donation), **BR 180** (relating to sales and use taxation), **BR 203** (relating to tax credits for airport noise mitigation) and **BR 236** (relating to TVA in-lieu-of-tax payments and making an appropriation therefor to **Appropriations and Revenue**; **BR 37** (relating to deferred deposit transactions) to **Banking and Insurance**; **BR 34** (relating to interscholastic extracurricular activities), **BR 58** (relating to the transfer of academic credit), **BR 67** (relating to school notification of persons authorized to contact or remove a child), **BR 82** (relating to education), **BR 97** (relating to public school standards), **BR 175** (relating to districts of innovation) and **BR 269** (relating to career readiness) to **Education**; **BR 127** (prohibiting smoking in public places and places of employment) and **BR 195** (relating to treatment of substance abuse) to **Health and Welfare**; **BR 3** (relating to substance abuse and declaring an emergency); **BR 38** (relating to mandatory prosecutorial training in driving under the influence cases), **BR 39** (relating to prosecutions for driving under the influence), **BR 64** (relating to sex offender registrants), **BR 66** (relating to foreign law), **BR 70** (relating to the disposal of vehicles forfeited to law enforcement agencies), **BR 96** (relating to stalking), **BR 112** (relating to Zohydro), **BR 117** (relating to dextromethorphan abuse), **BR 151** (relating to criminal records), **BR 153** (relating to sexually based offenses), **BR 164** (relating to controlled substances and declaring an emergency), **BR 168** (relating to controlled substances) and **BR 194** (relating to the involuntary termination of parental rights) to **Judiciary**; **BR 216** (relating to rescue squad benefits) to **Local Government**; **BR 78** (relating to fishing license exemptions) to **Natural Resources and Environment**; **BR 68** (proposing an amendment to Section 42 of the Constitution of Kentucky relating to compensation for members of the General Assembly), **BR 84** (proposing an amendment to Section 145 of the Constitution of Kentucky relating to persons entitled to vote), **BR 85** (relating to the disclosure of public retirement information), **BR 91** (relating to retirement), **BR 102** (relating to public pension fund investments), **BR 113** (proposing an amendment to Section 145 of the Constitution of Kentucky relating to persons entitled to vote), **BR 138** (proposing an amendment to Section 145 of the Constitution of Kentucky relating to persons entitled to vote), **BR 198** (relating to the Legislators’ Retirement Plan), **BR 212** (relating to the Public Pension Oversight Board) and **BR 232** (proposing to amend Section 95 of the Constitution of Kentucky relating to the election of state officers) to **State Government**; **BR 71** (relating to the valuation of motor vehicles for property tax purposes), **BR 126** (resolution designating portions of Kentucky Route 36 as the “Nicholas County Veterans Memorial Highway” and

“Bath County Veterans Memorial Highway.”) and **BR 132** (relating to the valuation of motor vehicles for property tax purposes) to **Transportation**.

From Senator Paul Hornback and Representative Tom McKee, Co-Chairs, Interim Joint Committee on Agriculture: Memorandum requesting authorization and approval of membership to the Subcommittee on Horse Farming and the Subcommittee on Rural Issues.

From Senate President Robert Stivers and House Speaker Gregory D. Stumbo: Memorandum appointing Dr. Terri Cox Cruey to the Local Superintendents Advisory Council.

From Marcia Seiler: Memorandum requesting approval of the 2015 Regular Session Calendar.

From Marcia Seiler: Memorandum requesting approval of prefilng deadlines for the 2015 Regular Session.

From Senate President Robert Stivers and House Speaker Gregory D. Stumbo: Memorandum authorizing the reappointment of membership of the National Technical Advisory Panel on Assessment and Accountability (NTAPAA).

From Senator Mike Wilson and Representative Derrick Graham, Co-Chairs of the Interim Joint Committee on Education: Memorandum requesting approval to meet on November 20, at 10:00 a.m. There are no apparent conflicts.

From Senator Julie Denton and Representative Tom Burch, Co-Chairs of the Interim Joint Committee on Health and Welfare: Memorandum requesting approval to meet on outside the interim on December 17. There are no apparent conflicts.

Communications

From the Office of the Attorney General: Constitutional Challenge Report for the months of June, July, August, and September 2014.

From the Finance and Administration Cabinet: Monthly Investment Income Report for the months of July, August, and September 2014.

From the Cabinet for Economic Development, Office of Compliance and Administrative Services: Loan data sheets for each loan approved as of the quarter ending September 30, 2014.

From Kentucky Employers' Mutual Insurance Authority: Statement of Assets, Liabilities, and Policyholder Equity; Statement of Income; and State of Solvency as of June 30, 2014.

From Kentucky Employers' Mutual Insurance Authority: Quarterly Statement and Financial Status for the period ending June 30, 2014.

From the Kentucky Judicial Form Retirement System: Operating Statements of the Judicial Retirement Fund and the Legislators Retirement Fund for FY14; List of investments held by the Fund as of June 30, 2014; and Portfolio Valuations of the Fund as of June 30, 2014.

From the Energy and Environment Cabinet, Department for Environmental Protection, Division of Water: 2014 Annual Report.

From the Kentucky Assistive Technology Loan Corporation: FY14 Annual Report.

From the Public Protection Cabinet, Department of Insurance: Semi-Annual Report of the Independent External Review Program, January-June 2014.

From the Tourism, Arts and Heritage Cabinet: 1% Statewide Lodging Tax Progress Report for FY14.

From the Auditor of Public Accounts: Examination of Certain Policies, Procedures, Controls, and Financial Activity of the Cincinnati/Northern Kentucky International Airport.

From the Department of Military Affairs, Adjutant General Edward W. Tonini: Military Assistance Trust Fund State Fiscal Year 2014 Annual Report.

From the Cabinet for Health and Family Services: FY 14 Summary of Statement of Non-Compliance Findings Assisted Living Community Certification Reviews.

From the Cabinet for Economic Development: FY 14 Annual Report for the Kentucky Investment Capital Network.

From the Cabinet for Health and Family Services: 2014 Child Abuse and Neglect Annual Report of Fatalities and Near Fatalities.

From the Cabinet for Health and Family Services: Report of the Department for Community Based Services Tuition Waiver Program for Youth for the reporting period September 2013-August 2014.

From the Kentucky Personnel Board: FY 14 Annual Report.

From the Kentucky Department of Fish and Wildlife Resources: FY 14 Hunger Relief Program Report.

From the Cabinet for Health and Family Services: Report of the Hospitalization of Kentucky Long-Term Care Facility Residents Due to Influenza Virus, Pneumococcal Disease, and Associated Complications, 2013-2014.

From the Finance and Administration Cabinet: FY 14 Disaster Relief Sales and Use Tax Refund Totals.

From the Department for Local Government, Cities and Special Districts Branch: Special Purpose Governmental Entity Report.

From the University of Kentucky: FY 14 Capital Construction Report.

From the Kentucky Department of Agriculture, Surplus Agricultural Commodities Advisory Committee: Report of the Farms to Food Banks Program.

From the Personnel Cabinet: 2014 Kentucky Group Health Insurance Board Executive Summary.

From the Education and Workforce Development Cabinet: Unemployment Insurance Report for the third quarter of 2014.

From the Teachers' Retirement System of Kentucky: FY 14 In-state Investment Report and Interim Financial Statements as of June 30, 2014.

From the Kentucky Board of Medical Licensure: 2014 Annual Report.

From the Kentucky Public Transportation Infrastructure Authority: FY 14 Kentucky Public Transportation Infrastructure Authority Operating and Financial Statement as required by KRS 175B.100(1).

From the Cabinet for Economic Development: FY 14 Linked Deposit Loan Investment Program Annual Report.

From the Cabinet for Health and Family Services: 2014 Charitable Health Providers Annual Report.

From Kentucky Higher Education Assistance Authority: FY 14 Annual Actuarial Valuation of the Prepaid Tuition Trust Fund for Kentucky's Affordable Prepaid Tuition.

From the Personnel Cabinet: Personnel Cabinet Quarterly Reports as of October 1, 2014.

From the Auditor of Public Accounts: Examination of Certain Policies, Procedures, Controls, and Financial Activity of the Shelby County School District.

From the Kenton County Airport Board: Response to the Auditor of Public Accounts' Report of Examination of Certain Policies, Procedures, Controls, and Financial Activity of the Cincinnati/Northern Kentucky International Airport.

From the Labor Cabinet, Division of Workers' Compensation Funds: Report for Kentucky Coal Workers' Pneumoconiosis Fund, Quarter ending September 30, 2014.

From the Energy and Environment Cabinet: FY 14 Annual Report from the Center for Renewable Energy Research and Environmental Stewardship.

From the Public Protection Cabinet, Department of Insurance: FY 14 Kentucky Long-Term Care Partnership Program Annual Report.

From the Cabinet for Health and Family Services: 2013-2014 Annual Report for the Kentucky HIV/AIDS Planning and Advisory Council.

From the Kentucky Employers' Mutual Insurance Authority: Statement of Assets, Liabilities, and Policyholder Equity; Statement of Income; and Statement of Solvency as of June 30, 2014; and Statement of Actuarial Opinion for the year ended December 31, 2013.

From the Kentucky Employers' Mutual Insurance Authority: 2015 Annual Budget.

From the Kentucky Department of Fish and Wildlife Resources: Annual Report on Law Enforcement Division Training.

From the Kentucky Personnel Cabinet: FY 14 Annual Report.

From the University of Kentucky, College of Agriculture: Kentucky Tobacco Research and Development Center, Quarterly Report for the period July 1 through September 30, 2014.

From the Kentucky Commission on Services and Supports for Individuals with Intellectual and Other Developmental Disabilities: 2014 Annual Status Report.

From the Kentucky Office of Homeland Security: 2014 Annual Report and Supplement.

From the Cabinet for Economic Development: FY 14 Bluegrass State Skills Corporation Annual Report.

From the Cabinet for Economic Development: FY 14 Agricultural Warehousing Sites Cleanup Fund Annual Report.

From the Cabinet for Economic Development: FY 14 Incentives for Energy Independence Act Annual Report.

From the Cabinet for Economic Development:

FY 14 Kentucky Enterprise Initiative Act Annual Report.

From the Cabinet for Economic Development, Department of Financial Incentives: FY 14 Kentucky Investment Fund Act Annual Report.

From the Cabinet for Economic Development: FY 14 Annual Report of the Kentucky Cabinet for Economic Development, Office of Entrepreneurship.

From the Tourism, Arts, and Heritage Cabinet: FY 14 Kentucky Production Industry Incentives Program Annual Report.

From the Tourism, Arts, and Heritage Cabinet: FY 14 Kentucky Tourism Development Act Incentives Annual Report.

From the Cabinet for Health and Family Services: FY 14 Annual Report of Kentucky Child Victims of Human Trafficking.

There being no further business, the meeting was adjourned.

INTERIM JOINT COMMITTEE ON LICENSING AND OCCUPATIONS

Minutes of the 6th Meeting of the 2014 Interim

November 14, 2014

Call to Order and Roll Call

The 6th meeting of the Interim Joint Committee on Licensing and Occupations was held on Friday, November 14, 2014, at 10:00 AM, in Room 129 of the Capitol Annex. Representative Dennis Keene, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator John Schickel, Co-Chair; Representative Dennis Keene, Co-Chair; Senators Tom Buford, Julian M. Carroll, Jimmy Higdon, Morgan McGarvey, R.J. Palmer II, and Damon Thayer; Representatives Tom Burch, Denver Butler, Larry Clark, Jeffery Donohue, David Floyd, Dennis Horlander, Joni L. Jenkins, Adam Koenig, Reginald Meeks, Charles Miller, Brad Montell, David Osborne, Arnold Simpson, Diane St. Onge, and Susan Westrom.

Guests: Jamie Montalvo, founder, Kentuckians for Medical Marijuana; Kristin Meadors, Kentucky Distillers Association; Bob Sparrow, Commissioner, Noelle Bailey, General Counsel, Marty Hammons, Former Commissioner, Department of Charitable Gaming; Johnathan Smith, Chief Operating Officer, Lancaster Bingo Company.

LRC Staff: Tom Hewlett, Bryce Amburgey, Jasmine Williams, Michel Sanderson, and Susan Cunningham

Medical Marijuana

Jamie Montalvo, founder of the non-profit Kentuckians for Medicinal Marijuana, said that his non-profit group wrote the "Cannabis Compassion Act" last year that became Senate Bill 43 and House Bill 350, neither of which passed their respective chambers. Currently, 23 states and Washington D.C. have legalized medical cannabis. Four states regulate medical marijuana with regulations so strict that they are not able to implement enacted legislation. Eighteen states have decriminalized marijuana in some form.

Because medical marijuana is becoming a popular topic, there are numerous studies to support the advantages of its use. There is a US patent stating that cannabis is an antioxidant and neuroprotectant that is useful in the treatment of stroke, Alzheimer's and Parkinson's Disease. The National Cancer Institute states cannabinoids appear to kill cancer cells while protecting healthy cells from dying. Additionally, the Legislative Research Commission conducted a study that shows cannabis is effective for treating pain and chemotherapy related nausea. Other studies support cannabis use as effective in treating pain caused by injury and disease of the nervous system. Additionally, states with some legalization of marijuana show a significantly lower rate of opiate overdose mortality than in states that do not support legalization of marijuana use.

Qualifying conditions for safe access to medical cannabis are peripheral neuropathy, cancer, glaucoma, Acquired Immune Deficiency Syndrome, Amyotrophic Lateral Sclerosis, Muscular Dystrophy, Post-traumatic Stress Disorder, seizures and Multiple Sclerosis, as well as other debilitating diseases. Everyone connected with the use or distribution of medical cannabis will be required to be licensed including patients, caregivers, compassion centers and cultivation facilities and their agents. The compassion centers distribute cannabis to registered patients. Cultivation facilities only cultivate cannabis for compassion centers. Patients do not know where these cultivation facilities are located because there are cultivation agents that deliver the medical cannabis to the compassion centers. There are also safety compliance facilities and their agents that would be required to be licensed. These facilities test the medical cannabis for quality of the product to be free from mold or other contaminants. In order for a patient to be registered they must have written documentation from a "practitioner" as defined in KRS 218A.010 recommending that the patient may benefit from the use of cannabis. Currently a doctor cannot write a prescription for a product that the federal government views as illegal.

In response to a question from Senator Buford, Mr. Montalvo said he is meeting with the Attorney General, who has agreed to review this year's bill. Currently, states that have tight regulations are not seeing intervention from the federal government. The bill would have accountability to the federal government for who is registered and who the distributors are for the product. The Obama administration has adopted the Cole Memo, which uses eight specific guidelines to limit federal government involvement in states where marijuana use has been authorized. This has been successful in keeping the product from being diverted in other states.

In response to a question from Representative Floyd, Mr. Montalvo responded that the current legislation allows for use of all forms of cannabis. Representative Floyd commented that some of the symptoms could be faked and the definitions should be tighter. Also, limit the medical cannabis to ingestible and prescribed by a physician only might

garner more legislative support.

In response to a question from Representative Montell, Mr. Montalvo said there has to be an established relationship with a physician. The amount allowed to be purchased is established by the compassion center. The maximum amount would be three ounces every two weeks. The patient's condition would dictate the amount used.

Representative Burch commented the use of medical marijuana has been passed in many states and that Kentucky needs to move ahead and pass a bill to take care of people who really need this particular drug.

Economic Impact of the Distilling Industry in Kentucky

Kristin Meadors, Director of Governmental and Regulatory Affairs for the Kentucky Distillery Association (KDA), said the industry is growing dramatically. Kentucky produces 95 percent of the world's Bourbon. Kentucky has 31 distillers in the state; however, other states are passing laws to attract distillers. The distilling industry has created over 15,000 jobs with an annual payroll \$707 million in Kentucky. Bourbon production has increased 150 percent since 1999, with more than five million barrels of Bourbon aging in Kentucky. This is the highest inventory in 40 years. Kentucky Bourbon was exported to 126 countries in 2013 for \$1 billion.

Distilleries are spending over \$1.3 billion in capital projects; \$400 million in the last five years and an additional \$630 million planned over the next five years. The number of craft distilleries is also growing in Kentucky. These smaller distilleries have invested \$30 million since 2008, and expect to invest another \$30 million over the next five years. Distillers in Kentucky purchase 40 percent of the grain used from Kentucky farmers which provide jobs and revenue for farmers. KDA is currently in negotiations with the Governor's Office of Ag Policy to purchase more corn. Craft distillers want to use local products.

The Kentucky Bourbon Trail was started 15 years ago. In the last five years 2.5 million visitors have toured the Kentucky Bourbon Trail. There are nine distilleries on the Kentucky Bourbon Craft Tour. A concern for tourist on the Bourbon Trail is that they cannot purchase a drink at the distilleries. Distilleries would like to be able to acquire a license to allow them to sell by the drink at their location. Also, distilleries presently can only sell three liters per day, per consumer. They would like to be able to sell larger volumes, such as cases. The KDA is considering bringing legislation to change this restriction.

Representative Floyd stated that he appreciated the General Assembly passing a Bourbon barrel ad valorem tax credit which keeps money at the local level.

Senator Higdon said there are 600,000 barrels of Bourbon stored in Marion County. The Kentucky Bourbon Trail tourist business has been incredible and across Central Kentucky the success stories are endless. Ms. Meadors added that each tourist spends almost \$1,000 when traveling to Kentucky.

In response to a question from Senator

McGarvey, Ms. Meadors said New York has relaxed alcohol privileges, allowing visitors to purchase a drink at distilleries as if at a restaurant, and the amount of product to purchase is not limited. New York's licensing fee is \$100 for a distillery whereas Kentucky's is \$3,000 for a class A license and \$1,000 for a craft distiller's license. Regarding taxes, the tax credit was helpful on the production side. However, in Kentucky a bottle of Bourbon is taxed seven different times from manufacture to consumer sale. Some local communities also have an alcohol consumption tax.

Charitable Gaming Clean-Up Legislation

Noelle Bailey, General Counsel and Legislative Liaison for the Department of Charitable Gaming, said that there have been only minor changes to the department's statutes since it originated in 1994. Challenges in the gaming industry need to be addressed, and while the department does not have legislation drafted for today's discussion, it will present changes that will be presented in the coming session.

The department is proposing to change the definition of "facility." Currently, the definition requires that a location with more than one organization gaming must have a facility license. Veterans organizations often allow other organizations to game at their locations, so changing the definition allows for this without charging duplicate license fees. Also, the department would like to add a definition for "electronic gaming device." This allows for new technology to be implemented.

Another proposed change would allow for administrative violations for illegal gambling. Currently, statutes do not clearly state that conducting illegal gambling is a violation of charitable gaming. This will allow for fining or revocation of the charity's license if it is found to conduct illegal gambling during a charitable gaming session.

The department also proposes to ask for an increase in licensing fees for manufacturers and distributors. The current license fee is \$1,000. Surrounding states charge significantly higher fees for manufactures and distributors. Ohio charges \$5,000 to each entity. The department is proposing an increase of \$3,500 for manufacturers and \$2,500 for distributors.

Another change proposed is for the organization's filing of annual reports. Currently, the financial report is due by December 31st of each year. This filing renews the organizations license. Because most organizations game on New Year's Eve they are unable to meet the filing deadline. The proposed change would move the filing deadline to January 31st.

Finally, the department would ask to change the language regarding the storage of gaming supplies. Most organizations store supplies at the facilities where they game. There is an issue with supplies being inaccessible. The change would allow supplies and equipment to be accessible at reasonable times, upon request.

In response to a question from Senator Higdon, Ms. Bailey said there are no exact figures;

however, there has been a financial shortfall and the ability to send compliance officers and auditors out around the state is limited. Regarding pull-tabs, the department issues a daily license.

Representative James Kay stated that the changes the department is asking for should not be regarded as an expansion of gaming rather is it giving charitable organizations the ability to continue gaming with modern technology.

In response to a question from Senator Buford, Marty Hammons, former commissioner of the department, said the Department for Charitable Gaming is a 100 percent restricted fund agency. The last time funds were swept from the department was in 2007. Because receipts continue to decline from year to year the carry forward is very small, around \$200,000. Bob Sparrow, commissioner of the department, added that the changes were intended to take the burden off of charities. Ms. Bailey added that the department has been in contact with manufactures and distributors. There has been no opposition to any change in fees. In states where manufactures and distributors are charged higher licenses fees the charitable receipts are actually higher.

In response to a question from Representative Osborne, Mr. Hammons said receipts were \$365 million based on the calendar year 2013. The highest year was \$608 million in 2002. Mr. Sparrow added that in 2013 there were 49 facilities gaming. This does not include special limited games.

Electronic Pull Tabs

Johnathan Smith, Chief Operating Officer for Lancaster Bingo Company, said that his company operates in four surrounding states and Pennsylvania and Maryland. In Kentucky, his company employs 15 people at a location in Louisville. Lancaster Bingo Company supplies over 300 charities and clubs in the state. Since 2009, however, the industry has seen a decline due to competition, changing demographics and the economy.

Electronic pull tabs bring an opportunity to reverse the declining trend, although the device is currently not authorized by Kentucky statute. Draft legislation proposes to allow for charities to play electronic pull tabs that have been approved by the Department of Charitable Gaming. Electronic pull tabs are not slot machines, but are rather a version of the paper pull tab being played on a machine similar to the electronic bingo device currently used by many charities. The choice to use these electronic devices is left up to the charity. Advantages of electronic pull tabs include improved integrity, easier accounting, reporting accuracy, and an opportunity to draw new players.

Games would be designed by a manufacturer and sent to a lab to review for compliance with regulatory requirements. Once the game has been reviewed the lab notifies the department that it is compliant and ready for distribution for play in Kentucky. This process protects the integrity of the games. In November of 2012 Virginia changed its gaming statute to allow for electronic gaming. In September of 2014 gross receipts for electronic pull tabs through August was

\$134 million from 167 locations using 632 devices. An electronic pull tab demonstration has been set up in an adjoining room, including point of sale, the way a game is played, and how the winner would redeem a winning pull tab.

In response to a question from Representative Floyd, Mr. Smith, said there are other electronic pull tab manufacturers.

Senator Schickel commented that the interim had been a positive experience. Representative Keene agreed and said that he appreciated the bi-partisan teamwork and moving things forward.

There being no further business to come before the committee, the meeting was adjourned at 11:13 AM

ADMINISTRATIVE REGULATION REVIEW SUBCOMMITTEE

Minutes of the November Meeting

November 14, 2014

Call to Order and Roll Call

The November meeting of the Administrative Regulation Review Subcommittee was held on Friday, November 14, 2014, at 1:00 PM, in Room 149 of the Capitol Annex. Senator Ernie Harris, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Ernie Harris, Co-Chair; Senators Sara Beth Gregory and Alice Forgy Kerr; Representatives Robert R. Damron and Jimmie Lee.

Guests: Alicia Sneed, Education Professional Standards Board; Sharron Burton, Department of Employee Insurance, Personnel; Doug Hendrix, Katrina LeMay, Finance and Administration Cabinet; Chris Griffith, Brian Judy, Board of Licensed Professional Counselors; Ron Brooks, David Wicker, Karen Waldrop, Department of Fish and Wildlife Resources; Michael Haines, Steve Hohmann, Department for Natural Resources; Amy Barker, Department of Corrections; Kay Kennedy, Amy Peabody, Department of Education; Kristi Culpepper, School Facilities Construction Commission; Malinda Shepherd, DJ Wasson, Department of Insurance; Marc Guilfoil, Katherine Paisley, Horse Racing Commission; Stephanie Brammer-Barnes, Stephanie Craycraft, Beth Juneke, Natalie Kelly, Maryellen Mynear; Cabinet for Health and Family Services.

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

The Administrative Regulation Review Subcommittee met on Friday, November 14, 2014, and submits this report:

Administrative Regulations Reviewed by the Subcommittee:

**EDUCATION PROFESSIONAL
STANDARDS BOARD: Teaching Certificates**

16 KAR 2:120. Emergency certification and out-of-field teaching. Alicia Sneed, director of legal services, represented the board.

In response to a question by Co-Chair Harris, Ms. Sneed stated that "out-of-field teaching" included teaching pursuant to a teaching certificate

but outside of the teacher's content area. "Out-of-field teaching" was necessary, on an emergency basis, because some districts could not obtain a teacher with specific content background, even one without a teaching certificate.

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

101 KAR 2:210 & E. 2015 Plan Year Handbook for the Public Employee Health Insurance Program. Sharron Burton, general counsel for the health plan, represented the cabinet.

FINANCE AND ADMINISTRATION CABINET: Commonwealth Office of Technology: General Administration

200 KAR 1:015. Data Breach Notification Forms. Doug Hendrix, deputy general counsel, and Katrina LeMay, chief of information and security, represented the cabinet.

In response to a question by Co-Chair Harris, Ms. LeMay stated that COT had not experienced any security breaches thus far in calendar year 2014.

A motion was made and seconded to approve the following amendments: (1) to amend the STATUTORY AUTHORITY paragraph to correct a statutory citation; (2) 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; (3) to amend Section 1 to comply with the drafting requirements of KRS Chapter 13A; and (4) to amend Section 2 and the material incorporated by reference for clarity. Without objection, and with agreement of the agency, the amendments were approved.

GENERAL GOVERNMENT CABINET: Board of Licensed Professional Counselors: Board

201 KAR 36:060. Qualifying experience under supervision. Chris Griffith, chair, and Brian Judy, assistant attorney general, represented the board.

In response to a question by Co-Chair Harris, Mr. Griffith stated that the requirement to allow supervision changed from six (6) to twelve (12) supervisees to ensure a sufficient number of supervisors in the appropriate discipline. The board expected the transition from six (6) to twelve (12) supervisees to be a gradual process, rather than a sudden event.

A motion was made and seconded to approve the following amendments: (1) to amend Sections 1, 3, 5, 6, 8, and 9 to comply with the drafting and formatting requirements of KRS Chapter 13A; (2) to amend Section 1 to add a definition for "supervisor of record"; (3) to amend Section 3 to: (a) clarify that a supervisor of record shall be a licensed professional clinical counselor; and (b) establish examples of what circumstances the board may consider for showing that the ability to obtain supervision from a licensed professional clinical counselor is prohibited by difficulty; (4) to amend Section 5 to establish examples of what extenuating circumstances the board may consider in granting a limited waiver from the requirement of one (1) monthly direct in person meeting to satisfy the face-to-face supervision requirements; and (5) to amend the Supervisory Agreement form to; (a) comply with

the drafting requirements of KRS Chapter 13A; and (b) update the number of supervisees that a supervisor of record shall be responsible for from six (6) to twelve (12) so that the form is consistent with the administrative regulation. Without objection, and with agreement of the agency, the amendments were approved.

201 KAR 36:070. Education and examination requirements.

A motion was made and seconded to approve the following amendments: (1) to amend the TITLE and Sections 1 and 5 to comply with the drafting and formatting requirements of KRS Chapter 13A; (2) to amend the RELATES TO paragraph to add a statutory citation; (3) 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 (4) to amend Section 4 to establish the application requirements for licensure. Without objection, and with agreement of the agency, the amendments were approved.

201 KAR 36:080. Inactive and retired licensure status.

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.

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

301 KAR 1:152. Asian Carp and Scaled Rough Fish Harvest Program. Ron Brooks, fisheries director; Karen Waldrop, wildlife division director; and David Wicker, general counsel, represented the department.

In response to a question by Co-Chair Harris, Mr. Brooks stated that Asian Carp were used for fish meal and fish paste. Thus far, there had been little progress in stopping encroachment of Asian Carp; however, the department expected three (3) Asian Carp processing facilities to begin operating soon, which may assist with the problem.

301 KAR 1:220. Reciprocal agreements regarding fishing.

A motion was made and seconded to approve the following amendments: to amend Sections 1 through 9 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

Game

301 KAR 2:225 & E. Dove, wood duck, teal, and other migratory game bird hunting.

ENERGY AND ENVIRONMENT CABINET: Department for Natural Resources: Division of Mine Permits: Permits

405 KAR 8:030 & E. Surface coal mining permits. Michael Haines, general counsel, and Steve Hohmann, commissioner, represented the division.

A motion was made and seconded to approve the following amendments: (1) to amend the

RELATES TO and STATUTORY AUTHORITY paragraphs to correct statutory citations; (2) 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 (3) to amend Sections 1 through 5, 11 through 17, 19 through 28, 30, 32, and 34 through 37 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

405 KAR 8:040 & E. Underground coal mining permits.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO and STATUTORY AUTHORITY paragraphs to correct statutory citations; (2) 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 (3) to amend Sections 1 through 5, 11 through 30, 32, and 34 through 38 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

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

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

In response to questions by Co-Chair Harris, Ms. Barker stated that this administrative regulation represented the annual review for this facility. The Luther Luckett Correctional Complex had not experienced any problems recently.

A motion was made and seconded to approve the following amendments: (1) to amend LLCC 09-25-01, 10-01-01, 12-01-01, 14-03-01, 15-01-04, 17-03-01, 19-01-02, 23-01-01, and 23-01-03 to make minor clarifications and update cross-references; and (2) to amend Section 1 to update the edition date of the revised policies. Without objection, and with agreement of the agency, the amendments were approved.

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

702 KAR 1:160. School health services. Kay Kennedy, division director, and Amy Peabody, assistant general counsel, represented the department.

In response to a question by Co-Chair Harris, Ms. Kennedy stated that schools had developed programs to assist with self administration of medication to students if necessary. These programs helped keep students with chronic conditions in the classroom. The system seemed to be working well.

A motion was made and seconded to approve the following amendments: (1) to amend material incorporated by reference for corrections and clarifications; (2) to amend the RELATES TO paragraph to add a statutory citation; and (3) to

amend Sections 1, 2, and 4, 5, 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.

School Terms, Attendance and Operation
702 KAR 7:140. School calendar.

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

FINANCE AND ADMINISTRATION
CABINET: School Facilities Construction
Commission: Procedures

750 KAR 1:030. Emergency and Targeted Investment Fund. Kristi Culpepper, executive director, represented the commission.

A motion was made and seconded to approve the following amendments: (1) to amend Sections 1 and 3 to move requirements out of the "Definitions" section; (2) to amend Section 4 to specify requirements and establish a standard for approval of alternative bond structures; (3) 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 (4) to amend Sections 1, 3, 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 Insurance: Health and Life
Division: Assets and Liabilities

806 KAR 6:070. Valuation of life insurance and annuity reserves. Malinda Shepherd, program manager, and DJ Wasson, administrative coordinator, represented the division.

In response to a question by Co-Chair Harris, Ms. Shepherd stated that the revised mortality information was generationally based and should keep pace with fluctuations without needing to be updated frequently.

In response to a question by Representative Damron, Ms. Shepherd stated that this administrative regulation was not related to issues of principal-based reserving.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO paragraph to correct statutory citations; and (2) to amend the STATUTORY AUTHORITY and NECESSITY, FUNCTION, AND CONFORMITY paragraphs and Sections 1, 2, and 4 through 7 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

Horse Racing Commission: Thoroughbred
Racing

810 KAR 1:017. Objections and complaints. Marc Guilfoil, director, and Katherine Paisley, deputy general counsel, represented the commission.

A motion was made and seconded to approve

the following amendments: (1) to amend the STATUTORY AUTHORITY paragraph to correct statutory citations; (2) 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; (3) to amend Section 4 to specify that the stewards shall consider the seriousness and circumstances of the incident in determining the extent of a disqualification; and (4) to amend Sections 1 through 8 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

Quarter Horse, Appaloosa and Arabian
Racing

811 KAR 2:090. Objections and complaints.

A motion was made and seconded to approve the following amendments: (1) to amend the STATUTORY AUTHORITY paragraph to correct statutory citations; (2) 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; (3) to amend Section 4 to specify that the stewards shall consider the seriousness and circumstances of the incident in determining the extent of a disqualification; and (4) to amend Sections 1 through 8 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

CABINET FOR HEALTH AND FAMILY
SERVICES: Department for Public Health:
Division of Health Care: Health Services and
Facilities

902 KAR 20:008. License procedures and fee schedule. Stephanie Brammer-Barnes, regulation coordinator; Beth Jurek, executive director, Office of Policy and Budget; and Maryellen Mynear, inspector general, represented the cabinet.

In response to questions by Co-Chair Harris, Ms. Mynear stated that the division's statutory mandate required protection for the sick and elderly. Proper funding was crucial to complying with that mandate. The division had not increased fees since 2003, and the 2003 fee increase was minimal, in that it did not keep fees commensurate with costs. The division had repeatedly needed to use General Funds to compensate for inadequate fees. The cost of an inspection of a long-term care facility was between \$8,000 and \$9,500. The division was experiencing critical staffing shortages. There was one (1) surveyor for approximately every forty (40) facilities, resulting in delays that may affect the economy if, for example, a facility opening was delayed. Inadequate fees also affected Medicaid funding. The division amended this administrative regulation as a result of stakeholder comments in an attempt to make a good-faith compromise regarding fees. Additionally, retirement at the division had increased by 1,000 percent and General Fund appropriations to the division had decreased since 2003, further eroding staffing and funding. The fee increases were annual. Ms. Jurek stated that, in addition to the annual inspections, the division also

conducted investigations in response to complaints. The division did not charge for inspections resulting from complaints.

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

902 KAR 20:430 & E. Facilities specifications, operation and services; behavioral health services organizations. Stephanie Brammer-Barnes, regulation coordinator; Natalie Kelly, division director; and Maryellen Mynear, cabinet inspector general, represented the cabinet.

In response to a question by Co-Chair Harris, Ms. Kelly stated that "CADC" means certified alcohol and drug counselor.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO paragraph and Section 1 to correct citations; (2) to amend Sections 4, 6, 8, 9, and 10 to include cross-references and make minor clarifications; (3) to amend Section 12 to align the hearing procedures with KRS Chapter 13B; and (4) to amend Sections 6, 8, and 9 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

902 KAR 20:440 & E. Facilities specifications, operation and services; residential crisis stabilization units.

In response to a question by Co-Chair Harris, Ms. Brammer-Barnes stated that this administrative regulation pertained to crisis stabilization units.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO paragraph and Section 1 to correct citations; (2) to amend Sections 4, 5, 7, 10, 11, 12, 14, and 16 to include cross-references and comply with the drafting and formatting requirements of KRS Chapter 13A; and (3) to amend Section 17 to align the hearing procedures with KRS Chapter 13B. 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. Stephanie Craycraft, director, represented the cabinet.

In response to a question by Co-Chair Harris, Ms. Craycraft stated that cost fluctuations were based on population fluctuations at individual facilities.

908 KAR 3:060. "Means test" for determining patient liability.

In response to a question by Co-Chair Harris, Ms. Craycraft stated that this administrative regulation was being amended because of federal poverty guideline revisions.

A motion was made and seconded to approve the following amendments: (1) to amend the STATUTORY AUTHORITY paragraph to correct a statutory citation; and (2) to amend Sections 2, 3, 4, 5, and 7 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

Other Business: Co-Chair Harris stated that

three (3) Subcommittee members would be leaving the General Assembly. He thanked those members, Senator Sara Beth Gregory, Representative Bob Damron, and Representative Jimmie Lee, and noted that their service would be further discussed at the December 2014 Subcommittee meeting.

The following administrative regulations were deferred to the December 9, 2014, meeting of the Subcommittee:

HIGHER EDUCATION ASSISTANCE

AUTHORITY: Division of Student and Administrative Services: Kentucky Loan Program

11 KAR 3:100. Administrative wage garnishment.

KHEAA Grant Programs

11 KAR 5:001. Definitions pertaining to 11 KAR Chapter 5.

11 KAR 5:033. KTG student eligibility requirements.

11 KAR 5:034. CAP grant student eligibility.

11 KAR 5:170. Refund and repayment policy.

Teacher Scholarship Loan Program

11 KAR 8:030. Teacher scholarships.

Commonwealth Merit Scholarship Program

11 KAR 15:060. Kentucky Educational Excellence Scholarship overpayment and refund and repayment procedure.

Early Childhood Development Scholarship Program

11 KAR 16:001. Definitions for 11 KAR Chapter 16.

11 KAR 16:010. Early Childhood Development Scholarship Program applicant selection process.

JUSTICE AND PUBLIC SAFETY

CABINET: Law Enforcement Council: Council

503 KAR 1:090. Approval of course curriculums.

TRANSPORTATION CABINET: Kentucky Bicycle and Bikeways Commission: Motorcycle and Bicycle Safety

601 KAR 14:020. Bicycle Safety standards.

Department of Highways: Division of Maintenance: Billboards

603 KAR 10:001. Definitions.

603 KAR 10:010. Static advertising devices.

603 KAR 10:020. Electronic advertising devices.

603 KAR 10:030. Removal of vegetation related to advertising devices.

PUBLIC PROTECTION CABINET: Office of Occupations and Professions: Board of Home Inspectors: Board

815 KAR 6:001. Definitions for 815 KAR Chapter 6.

815 KAR 6:080. Continuing education provider.

CABINET FOR HEALTH AND FAMILY SERVICES: Department for Public Health: Office of Health Policy: Division of Public Health Protection and Safety: Radiology

902 KAR 100:010. Definitions for 902 KAR Chapter 100.

902 KAR 100:019. Standards for protection against radiation.

902 KAR 100:042. Decommissioning and

financial surety.

902 KAR 100:058. Specific licenses to manufacture, assemble, repair, or distribute products.

902 KAR 100:070. Transportation of radioactive material.

902 KAR 100:072. Use of radionuclides in the health arts.

902 KAR 100:100. Industrial radiography.

902 KAR 100:142. Wire line service operations.

Department for Medicaid Services: Division of Policy and Operations: Hospital Service Coverage and Reimbursement

907 KAR 10:825. Diagnosis-related group (DRG) inpatient hospital reimbursement.

Behavioral Health

907 KAR 15:075 & E. Reimbursement provisions and requirements for behavioral health services provided by residential crisis stabilization units.

The Subcommittee adjourned at 2 p.m. until December 9, 2014 at 1 p.m.

INTERIM JOINT COMMITTEE ON APPROPRIATIONS AND REVENUE
Minutes of the 6th Meeting
of the 2014 Interim
November 17, 2014

Call to Order and Roll Call

The 6th meeting of the Interim Joint Committee on Appropriations and Revenue was held on Monday, November 17, 2014, at 1:00 PM, in Room 154 of the Capitol Annex. Senator Bob Leeper, 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 David P. Givens, Ernie Harris, Stan Humphries, Ray S. Jones II, Alice Forgy Kerr, Christian McDaniel, and Gerald A. Neal; Representatives Dwight D. Butler, Jesse Crenshaw, Ron Crimm, Robert R. Damron, Mike Denham, Bob M. DeWeese, Myron Dossett, Jim Glenn, Jimmie Lee, Reginald Meeks, Jody Richards, Steven Rudy, Sal Santoro, Rita Smart, Fitz Steele, Tommy Turner, Jim Wayne, Susan Westrom, and Addia Wuchner.

Guests: Eric Friedlander, Deputy Secretary, Cabinet for Health and Family Services; Lisa Lee, Deputy Commissioner, Department of Medicaid Services; Senator Mike Wilson, and Bryanna Carroll, Governmental Affairs Advocacy Manager, Kentucky League of Cities.

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

Representative Wayne moved that the minutes from the previous meeting be approved as written. The motion was seconded by Representative Lee. The minutes were approved by voice vote.

Medicaid Expansion Update

Mr. Eric Friedlander, Deputy Secretary of the Cabinet for Health and Family Services, and Ms. Lisa Lee, Deputy Commissioner of the Department for Medicaid Services, provided an update on

the expansion of Kentucky's Medicaid program under the Affordable Care Act. Mr. Friedlander presented graphs illustrating the rate of insurance coverage before and after Medicaid expansion. An independent study found that the expansion will lead to an estimated 17,000 new jobs, will provide \$11 billion in new funding to providers, and will reduce uncompensated care expenses to hospitals by approximately \$800 million. He stated that 28 hospitals reported reductions of 80 percent or greater in this category already.

One new area covered under the Medicaid expansion and highlighted by the deputy secretary in his presentation is substance abuse services. For the first time, providers are able to bill for a variety of services provided to address substance abuse. Providing these types of services through Medicaid has resulted in reductions in expenditures under other cabinets and departments from the General Fund. The white paper analyzing the Medicaid expansion in Kentucky is being updated and should be available in January of 2015.

Internet Sweepstakes Cafes

Senator Mike Wilson and Bryanna Carroll, governmental affairs advocacy manager for the Kentucky League of Cities, discussed Senator Wilson's prefiled bill that addresses the recent proliferation of internet sweepstakes cafes in Kentucky. Senator Wilson said the legislation addresses ambiguities in existing law, making it clear that internet sweepstakes cafes are prohibited. Ms. Carroll described internet sweepstakes cafes as businesses that sell Internet access or prepaid phone cards, and the opportunity to play computer-based casino-style games in which customers can win cash prizes. Each purchase of internet usage or minutes entitles a customer a certain number of sweepstakes entries. The customer determines whether he or she has won by logging on to a computer.

Ms. Carroll said that the League of Cities has requested an opinion on the legality of internet sweepstakes cafes from the Kentucky Attorney General.

Chairman Rand discussed resolutions honoring departing House committee members. Chairman Leeper discussed his departure from the committee and legislature.

There being no further business, the meeting was adjourned at 2:30 p.m.

INTERIM JOINT COMMITTEE ON LOCAL GOVERNMENT
Minutes of the 5th Meeting
of the 2014 Interim
November 19, 2014

Call to Order and Roll Call

The fifth meeting of the Interim Joint Committee on Local Government was held on Wednesday, November 19, 2014, at 10:00 AM, in Room 171 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; Senators Ernie Harris, Christian McDaniel, Morgan McGarvey, R.J. Palmer II, Albert Robinson,

Dan “Malano” Seum, and Reginald Thomas; Representatives Ron Crimm, Richard Henderson, Adam Koenig, Brian Linder, Tom McKee, Michael Meredith, Jonathan Shell, Arnold Simpson, Rita Smart, and Jim Wayne.

Guests: Michael Davis, Gary Feck, and Winnie Blythe, Department of Housing, Buildings and Construction; Craig Potts, Scot Walters, and Jen Williamson, Kentucky Heritage Council; Tyler Campbell, Kentucky League of Cities; and Jerry Deaton, Tourism, Arts, and Heritage Cabinet.

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

Approval of Minutes

Upon the motion of Representative Crimm and a second by Representative Meredith, the minutes of the October 22, 2014 meeting were approved.

Code Standards relating to Reconstruction of Historic Buildings

Acting Commissioner Gary Feck, of the Department of Housing, Buildings and Construction, told the committee that Chapter 34 of the current building codes deals with existing buildings. It is important to note that, with regard to existing buildings, Chapter 34 is set up to include provisions for existing buildings that are not on a historic registry, and provisions for historic buildings. The code makes many allowances and variables for existing buildings. Those are often times difficult to discuss in detail because the only way to truly know the impact of the code on an existing building is to sit down with the plans based upon the scope of the work and work through Chapter 34 “Existing Buildings” to see how the code impacts that structure.

With regard to historic buildings, the code does make an allowance or an exemption for historic buildings that are being returned or restored to their original design. The code does make a distinction in a historic building if there is a change of occupancy. Those changes of occupancy must comply with the provisions of the code for new construction. Relative to the energy code on an historic building or its impact on a historic building, any historic building that is listed on a state, national, or historic property register, that may be under local, state or designated or certified as a source with a national register, is exempt from compliance with the 2012 International Energy Code, which is the code that became effective for commercial construction on October 1, 2014.

As far as alternations, additions, renovations or repairs, those shall conform to the code without requiring unaltered portions of the building or existing building, from being brought up to current standards. Repairs that are associated with routine maintenance, ordinary repair, are exempt from code compliance. If someone is altering a building, relocating walls, changing windows, doors, etc., those are not necessarily exempt. If there is a change of occupancy in an historic building, that would trigger compliance with the current code for the new work. Change of occupancy as it relates to the energy code in an historic building, does not trigger compliance with the energy code; it is exempt.

Mr. Michael Davis, General Counsel for the

Department of Housing, Buildings and Construction stated that the building code also provides a very complicated process of review and appeal. The statutes are set up in a way where, although the department has primary jurisdiction on a number of areas of commercial buildings, there is a certain portion of that preserved to the local level. There are local building officials who have built-in discretion to interpret the code and sometimes there are differences of opinion. That is why the building code and statutory scheme has a built in a process by which any local individual who disagrees with, or has an issue with a particular finding of a code official, may appeal that to their local appeals board, if there is one, and if they are dissatisfied with that finding, then there is a process by which they can appeal directly to the Board of Housing, Buildings and Construction for a final ruling on that code interpretation. If the local jurisdiction does not have a local board, then the statutory scheme is that they have a direct appeal to the department so the result is the same. But even when someone does not access that process, which does not happen very often, the department has always had an open door policy to anyone who wishes to contact the department for assistance in interpreting the code. Even when a local jurisdiction has primary jurisdiction, the department still has concurrent jurisdiction over that issue.

In response to a question from Senator Bowen, Mr. Davis stated that while there are few formal appeals, there is constant communication and correspondence with people so that they comply with the code. Mr. Feck added that his office regularly meets with the code users but not as much with code officials. His door is always open to people who need assistance with the code.

In response to a question from Representative McKee, Mr. Davis said that the building code’s definition of a historic building is any building listed in or eligible for listing in the national register for historic places or that is designated as historic under an appropriate state or local law. Representative McKee commented that there are a lot of vacant buildings in rural downtowns.

In response to a question from Senator Harris, Mr. Davis said that Kentucky’s building codes are based on the international building codes, which are created by a national consortium of code officials, and the international energy conservation code is created very much the same way. It is also created by the international code council, which is the basis for most of Kentucky’s other code provisions. Pursuant to federal requirements, Kentucky has adopted the energy code for commercial buildings only.

In response to a question from Representative Smart, Acting Commissioner Feck stated that there is no communication training for code enforcers regarding customer relations. Representative Smart commented that the complaints she has received are regarding the attitudes of the code enforcers in that they are not that helpful.

In response to a question from Representative Simpson, Mr. Davis stated that the Department promulgates the residential code but by statutory

scheme in KRS Chapter 198B, the discretion whether or not to adopt and force a building inspection program for residential is vested with the local government. That is why there is a wide disparity across the state. Some local governments have a very complicated and sophisticated residential plan review and inspection programs, and others do not do it at all. The State has primary jurisdiction for non-residential inspections, but can agree to have local government programs inspect on its behalf. Those programs can set reasonable fees.

In response to a question from Representative Shell, Mr. Davis said that federal mandates provide that the consequences to states for not adopting energy codes is the withholding of certain percentages of federal assistance. Representative Shell encouraged either this committee or another committee to look into certain codes that Kentucky has been federally mandated to adopt that would not be the best practice for Kentucky’s industries and businesses.

Senator Bowen commented that compliance to the international code is troubling to him and does not think it is good public policy. He could not imagine the U.S. giving that much credence to an international code when the U.S. knows how to set its own codes and standards. The public and Kentucky’s legislature certainly do not want undesirable policies inserted into the codes. Senator Bowen stressed to the members how important administrative regulations were and that they have the force of law. Administrative regulations can be very onerous so members need to remember to be very vigilant about scrutinizing all of them.

Mr. Craig Potts, Executive Director of the Kentucky Heritage Council and State Historic Preservation Officer, told the committee that the council is an agency of the Tourism, Arts, and Heritage Cabinet and was born out of the National Historic Preservation Act in 1966. The council was created to focus on preserving Kentucky’s unique heritage and encourage the use of Kentucky’s historic building stock in economic redevelopment strategies.

The council has four primary programs: (1) site identification, which includes the National Register of Historic Places and Kentucky historic resources inventory; (2) site protection/Section 106, which includes archaeology and cultural history; (3) site development, which includes rehabilitation tax credit programs and project review in conjunction with national park service; and (4) main street program.

The National Register is the nation’s official list of resources deemed worthy of preservation, which recognizes sites, buildings, structures and objects significant in American history, architecture, archaeology, engineering and culture. Kentucky is ranked fourth in number of listings on the National Register of Historic Places.

Regarding the difference between local historic district designation and national register district designation, the Kentucky Heritage Council plays a primary role in the process required to list a historic district on the national register. Local historic districts vary across the Commonwealth and they

depend on the local governments' decision-making regarding what area they want to include within that overlay, what kinds of restrictions they want to include and what kind of process they want to put into place. The council does not play a role in the day to day review and enforcement of historic district ordinances at the local level.

The Federal Historic Preservation Tax Credit program was enacted in 1976 to preserve historic buildings, stimulate private investment, create jobs, revitalize communities, and incentivize retention of historic fabric. The program has leveraged over \$69 billion in private investment to preserve and reuse over 39,600 historic properties since 1976. In FY 2013 alone, Kentucky had 23 projects successfully completed that earned a 20 percent federal tax credit with investments totaling \$28,117,278, and ranked 12th in the number of successfully completed projects.

The Kentucky Historic Preservation Tax Credit program, enacted in 2005, is a sister program that is intended to further incentivize the use of the federal credit. The program is unique in that it is applicable to homeowner projects, which the federal tax credit does not allow. The program is also made available to non-profit entities that want to do rehabilitation work on historic properties. The credit is capped at a total of \$5 million for the program, not the project. The council uses an egalitarian approach to the program. Projects are not ranked, and every project that qualifies gets some of the tax credit. The amount of the credit is pro-rated and no project gets a full tax credit. Every project gets only a portion of the \$5 million available. In ten years, Kentucky's program has pre-approved 832 applications representing about \$422 million in projected investment and has leveraged over \$323 million in private investment to preserve and reuse over 524 historic properties.

Representative Crimm commented that in 1998, Governor Paul Patton asked him if he would work with Lt. Governor Henry on a project to offer restoration incentives to rehabilitate old hotels. Twenty-nine hotels were identified from one end of the state to the other. That project offered tax credits to anyone who was going to restore one of the old hotels throughout the state.

In response to a question from Representative Wayne, Ms. Jen Williamson, Staff Architect for the Kentucky Heritage Council, said that she did not have information regarding the economic fiscal impact of the state \$5 million tax credit, but the state had given \$24 million in credits since the beginning of the program. Mr. Scot Walters, Site Development Program Manager, said the council has not been able to conduct a study on that but hoped to do so in the future. Representative Wayne encouraged the council to work with economic departments at the state universities or someone to get that done because it would help to push this program more.

In response to another question from Representative Wayne, Mr. Walters said that 38 states offer tax credits. Some states have open ended credits and many are more fortified than Kentucky's.

In response to another question from Representative Wayne, Mr. Potts said that the tax credit is refundable.

Representative Simpson noted the importance of having research available to defend the program; and in response to a question from Representative Simpson, Mr. Potts stated that the \$5 million tax credit is being totally utilized.

In response to a question from Representative McKee, Ms. Williamson stated that Kentucky's tax credit was refundable, and that if the project credit exceeds a person's total tax obligation, that the remainder of the credit would be returned to the person. The federal credit can be carried forward for up to 19 years.

In response to a question from Senator Bowen, Mr. Potts said that if it is the case of dealing at the local level with an historic district ordinance, then it is hard to tear down an historic building. If it is the case of dealing with the national register designation, which is honorary and gives some protection from federal projects, but it does not provide any protection or take away any private property rights, the building can be listed one day and demolished the next.

Senator Bowen encouraged Mr. Potts to formulate a report to present to the committee at a future time.

There being no further business, the meeting was adjourned at 11:35 a.m.

INTERIM JOINT COMMITTEE ON STATE GOVERNMENT

Minutes of the 5th Meeting of the 2014 Interim

November 19, 2014

Call to Order and Roll Call

The fifth meeting of the Interim Joint Committee on State Government was held on Wednesday, November 19, 2014, at 1:00 PM, in Room 154 of the Capitol Annex. Representative Brent Yonts, 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 Ernie Harris, Stan Humphries, Christian McDaniel, Morgan McGarvey, Gerald Neal, R. J. Palmer II, Albert Robinson, and Reginald Thomas; Representatives Johnny Bell, Kevin Bratcher, Dwight Butler, John Carney, Larry Clark, Leslie Combs, Will Coursey, Derrick Graham, Mike Harmon, Kenny Imes, James Kay, Jimmie Lee, Mary Lou Marzian, Brad Montell, Sannie Overly, Tanya Pullin, Jody Richards, Tom Riner, Steven Rudy, Sal Santoro, Kevin Sinnette, Diane St. Onge, Tommy Turner, Ken Upchurch, and Jim Wayne.

Guests: House Speaker Representative Greg Stumbo; Beau Barnes, Kentucky Teachers' Retirement System; Stephanie Winkler, Kentucky Education Association; Brent McKim, Jefferson County Teachers' Association.

LRC Staff: Judy Fritz, Alisha Miller, Karen Powell, Brad Gross, Kevin Devlin, Terrance Sullivan, and Peggy Sciantarelli.

Recognitions

The committee recognized and applauded the following members who are leaving the

General Assembly in January: Senator Palmer and Representatives Butler, Lee, and Stacy. Senator Bowen, Representative Marzian, and Representative Kay recognized constituents in the audience. Representative Marzian recognized Linda Belcher, former state representative and representative-elect in House District 49. Representative Montell recognized James Allen Tipton, representative-elect in House District 53. Representative Graham recognized members of Capital City Retired Teachers.

Approval of Minutes

The minutes of the October 22 meeting were approved without objection, upon motion by Senator Bowen.

Kentucky Teachers' Retirement System Bonding Proposal

Beau Barnes, Deputy Executive General Counsel and Secretary of Operations, Kentucky Teachers' Retirement System (KTRS), discussed a proposed financing plan for the KTRS pension fund. He thanked the General Assembly for passage of House Bill 540 (2010 RS). The financial strategy offered by that legislation included issuance of a series of three bonds totaling almost \$900 million. As a result, KTRS retiree medical insurance is now on an actuarially sound basis, after transitioning from a pay-as-you-go benefit to a prefunded benefit. As of June 30, 2013, the medical insurance fund reached a funding ratio of 11.7 percent and continues to grow.

KTRS has over 141,000 members and distributes approximately \$144 million in benefits each month to over 49,500 retired members. Assets exceed \$18.5 billion. One in four teachers are eligible to retire. As of June 30, 2013, the pension fund was 51.9 percent funded. In June 2008, it was 68.2 percent funded.

KTRS has a nine member board of trustees. The outside investment consultants are nationally recognized. Based on one-year return as of June 30, 2013, the pension fund ranked eighth among the ten top-performing public pension funds. One-year return for the 2014 fiscal year was 18.1 percent, two percent higher than the average return of other public pension plans. The 20-year return was 8.2 percent, exceeding the 7.5 percent assumed rate of return. According to a September 2012 report by the LRC Program Review and Investigations Committee, KTRS average investment and administrative expenses are among the lowest in the nation. KTRS does not do business with money managers who use placement agents. Investment return pays for approximately 70 percent of retirement benefits. In FY 2014, KTRS paid \$1.968 billion in retirement benefits. These benefits provide an economic stimulus within the state, since 92 percent of retirees live in Kentucky.

The fixed employer contribution of 13.105 percent was sufficient in past years. However, with the flat 13-year market (2000-June 2013) and the 2008 Great Recession, additional funding has been needed since the 2006-2008 biennium. The KTRS board is looking at possible benefit changes for new hires, but any changes would not address the existing unfunded liability, which was \$13.9 billion

as of June 30, 2013.

Future investment return is expected to be close to the long-term assumed rate of 7.5 percent. The 18.1 percent return for FY 2014 was helpful, but additional funding will be required in order to stabilize the pension fund. KTRS has been asked to develop a short-term funding plan. One option is to re-purpose monies already budgeted to KTRS by issuing a bond to refinance a portion of the pension unfunded liability, which is growing by 7.5 percent yearly. A bond could be issued at a rate substantially lower than 7.5 percent, since interest rates are at an historical low. This plan would allow time for the economy to improve, revenue to grow, and for the commonwealth to develop a long-term funding plan. Bonding would pay the full actuarially required contribution (ARC) for several years, improve the funded ratio, and reduce the amount of funding needed in future years.

Mr. Barnes reviewed financial details of the bonds issued in 2010, 2011, and 2013 to fund medical insurance; KTRS funding in the 2014-2016 budget; and the proposed \$1.9 billion and \$3.3 billion bonding plans.

New Governmental Accounting Standards Board (GASB) rules will require underfunded pension plans to report unfunded liability using a lower assumed rate of return, thus reducing the funded percentage. Under the new GASB rules, the KTRS assumed rate of return would be about five percent instead of the current 7.5 percent. Funded status of the pension fund would be reduced from 51.9 percent to 42.4 percent.

Teachers' pension benefit is guaranteed by an inviolable contract. KTRS is not enthusiastic about bonding, but it successfully addressed the medical insurance underfunding. The current interest rate environment is optimal. The proposed bond issue would not create new debt but would refinance existing debt at a lower interest rate. KTRS investment consultants do not foresee a repeat of the 2008 Great Recession. KTRS has been experiencing negative cash flow since 2008 and will have to sell approximately \$1.3 billion in assets in FY 2014-2016. Investment strategy is becoming increasingly constrained by liquidity requirements. These constraints will lower future investment returns. Additional funding will help stabilize this deteriorating situation while a long-term solution is considered.

Stephanie Winkler, a Madison County teacher now serving as President of the Kentucky Education Association, testified in support of the bonding proposal. She said the financial health of KTRS is a matter of grave concern. Teachers contribute 9.105 percent of gross salary to the KTRS pension fund. According to the state Department of Education, the average teacher salary in 2013-2014 was \$51,000, with a pension contribution of about \$4,644. Health insurance for retired teachers is not guaranteed, while most other public employees' health insurance in retirement is guaranteed by an inviolable contract. Under the "shared responsibility" plan enacted in the 2010 regular session, by July 1, 2015, every active teacher in the state will be contributing another three percent of gross income to prefund retiree health

care, in addition to the .75 percent they already contribute. At that time the average annual teacher contribution to KTRS will total more than \$6,556.

Unlike other public and private employees, teachers cannot draw social security benefits and are wholly dependent on KTRS benefits when they retire. Teachers deserve and are willing to protect the defined benefit structure of KTRS. The financial health of KTRS impacts all Kentuckians. The commonwealth has repaid all money borrowed from the KTRS pension fund in order to fund retiree health insurance. Teachers applaud the legislature's commitment to meet its statutory obligations to the fund. The trustees and administration at KTRS take their fiduciary duties seriously and have made good investment decisions that generated healthy returns. There is no one person or entity to blame for the funding shortfall. KEA supports the bonding plan proposed by KTRS. It will leverage money already appropriated to the pension fund to help address the unfunded liability in the short term, while a more permanent solution is sought for the long term.

Brent McKim, President of the Jefferson County Teachers Association (JCTA), spoke in support of the bonding plan, if framed as part of a long-term solution. JCTA has worked with KTRS to consider available options, and bonding was identified as the best option. It will re-purpose existing budgeted funds and lower the interest rate on the debt. It is equally important to have a long-term plan to fully fund the system. Otherwise, the unfunded liability will increase significantly under the new GASB rules, and the state's bond rating will be adversely affected.

House Speaker Representative Greg Stumbo testified in support of the proposal. He said that when bonding was suggested several years ago by then Senate President Williams, it was met with skepticism. That was fortunate from the standpoint of timing. States that sold pension obligation bonds during that period are losing money because of adjustments in the market. From a policy perspective, though, it was probably a mistake not to explore bonding. After discussion and research, including studies by Boston College and others, he is convinced the KTRS proposal is fundamentally sound and has great merit if interest rates continue to be favorable. The proposal is also time-specific. Market rates will likely not be favorable much longer. He urged that both parties in the General Assembly consider the plan and work with KTRS to craft a proposal that can be supported by both chambers. Otherwise, the window of opportunity could be lost. He agreed with the other speakers on the need for a long-term plan in order to receive full benefit of the bonding proposal.

In response to Representative Bratcher, Mr. Barnes discussed the role of the board of trustees and significant actions taken by the board. He said retired teachers do not receive social security benefits but have a guaranteed 1.5 percent cost-of-living adjustment (COLA) built into the contribution rate. KTRS does not provide an additional COLA unless it is funded by the General Assembly. Because of tight budgets, additional COLA funding has not been available since the 2006-2008

biennium.

Representative Montell said he is encouraged by the proposal and open to further discussion. Responding to questions from Representative Montell, Mr. Barnes said the proposed bonds are for a 20-year term. KTRS has a ratio of about 58,000 full-time active members to 48,000 retirees/survivors of retirees. In anticipation of the expected baby boomer retirement surge, the board has made changes that encourage members to delay retirement. Average retirement age has increased from 54 to 58. Average years of service upon retirement has increased from 27 to 30.

Representative Wayne said it is important to protect and invest in the commonwealth's teachers, but he is concerned about the larger fiscal picture. The proposal appears to have merit but should be tied to a permanent financial plan. No money is available even for a long-term stable financial plan under the present revenue structure, and the fiscal situation is not expected to improve. The KTRS unfunded liability is symptomatic of a more serious problem. The revenue system is not growing to meet the commonwealth's needs, demands, and responsibilities.

Representative Clark said KTRS should consider participating on the Public Pension Oversight Board in order to enhance the system's transparency and accountability. He also asked Mr. Barnes to provide the committee with debt service percentage figures for both the \$1.9 billion and \$3.3 billion bond proposals.

Representative Kay spoke in support of the bonding as a way to refinance debt and invest in a quality education system. He encouraged all active and retired teachers to contact their elected officials and community leaders to educate them on the importance of the KTRS proposal.

Representative Marzian said the proposed bonding is a viable solution. She urged the legislature to act soon on the proposal while interest rates are still favorable.

Representative Graham expressed support for the proposal and asked about the sale of \$1.3 billion in assets in FY 2014-2016. Mr. Barnes said the sale of assets is intended to address liquidity issues relating to payroll for active employees.

Responding to questions from Senator Thomas, Mr. Barnes said the larger bond of \$3.3 billion would improve the funded ratio to 63 percent. It is KTRS policy to strive for 100 percent funding. When fully funded, the system would be in a better position to withstand any future economic decline.

Subcommittee Report

Senator Bowen, Co-Chair of the Task Force on Elections, Constitutional Amendments and Intergovernmental Affairs, reported on the October 28 meeting. A motion to adopt the report was seconded and passed without objection.

There being no further business, the meeting was adjourned at 2:37 p.m.

INTERIM JOINT COMMITTEE ON EDUCATION Subcommittee on School Finance

Minutes of the 1st Meeting of the 2014 Interim

November 20, 2014

Call to Order and Roll Call

The 1st meeting of the Subcommittee on School Finance of the Interim Joint Committee on Education was held on Thursday, November 20, 2014, at 10:00 AM, in Room 129 of the Capitol Annex. Representative Derrick Graham, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Mike Wilson, Co-Chair; Representative Derrick Graham, Co-Chair; Senators Stan Humphries, Christian McDaniel, Gerald A. Neal, and Johnny Ray Turner; Representatives Regina Bunch, John Carney, Kelly Flood, and Jody Richards.

Guests: Clyde Caudill of the Kentucky Association of School Administrators.

LRC Staff: Janet Stevens, Jo Carole Ellis, Joshua Collins, and Cindy Smith.

Support Education Excellence in Kentucky (SEEK) School Funding Formula

Hiren Desai, Associate Commissioner, Office of Administration and Support, Kentucky Department of Education and Kay Kennedy, Director, Division of District Support, Kentucky Department of Education gave an overview of the SEEK formula. Ms. Kennedy said the current formula was implemented in 1990, with the base funding on a per pupil basis established by the General Assembly. SEEK add-ons include at risk, exceptional child, home/hospital students, and limited English proficiency students.

Ms. Kennedy said that transportation in the SEEK formula is based on frequency, distance, and type of transportation provided, with only to and from school costs considered. There is additional funding for transportation of deaf, blind, and vocational students. The current funding is set at 58 percent of the total transportation costs.

Ms. Kennedy said that local effort is another component of SEEK funding. A district must levy at least 30 cents per \$100 in assessed value to be eligible for SEEK funding. A district must levy an additional “nickel” equivalent to participate in the Facility Support Program in Kentucky, and additional nickels may be targeted for construction.

Ms. Kennedy discussed Tier I funding that allows a district to levy more than the 30 cent minimum. Up to 15 percent of the revenue is generated through adjusted SEEK base funding. The General Assembly allocates equalization at 150 percent of the state average per pupil assessment. An additional levy is Tier II funding which can levy an amount past the 15 percent Tier I funding to a maximum of 30 percent of the adjusted SEEK base funding. There is no state equalization for Tier II.

Ms. Kennedy said that the capital outlay is the average daily attendance multiplied by \$100 and is restricted for capital purposes. Through 2016 districts can request to use these funds for operations.

In response to a question by Representative Richards, Ms. Kennedy said the per pupil base

amount is \$3911 for school year 2014-2015, and will be \$3981 for 2015-2016. Ms. Kennedy said the low incidence SEEK add-ons multiplier is 2.35, which is for the students with the most severe disabilities.

In response to a question by Senator Wilson regarding the SEEK comparison, Ms. Kennedy said the purpose of the formula was to try to achieve adequacy and equity across the state where the districts whose property values were not high enough to generate the wealth required to fund a school program.

In response to a question by Senator Wilson, Ms. Kennedy said from the basic SEEK formula perspective, the property assessments are validated by the Department of Revenue and then sent to the Department of Education. Based on those assessed values, the Department of Education is able to generate the tax rates and provide those back to the school districts for the maximum amounts that a district can levy.

Representative Graham added that there is verification in terms of the property assessment, whether it is real property or motor property, since the information is received by the Revenue Cabinet in regard to the amounts.

In response to a question by Representative Flood regarding capital outlay, Ms. Kennedy said the FSPK nickel is the only requirement schools have in terms of capital construction. Other districts have levied additional nickels to generate funding for facilities purposes.

In response to a question by Representative Carney, Ms. Kennedy said that most components of the add-ons are a prior year number. The department does have the January growth portion. If funds are available and there has been regular growth in January, an adjustment can be made then.

In response to a question by Representative Carney regarding fuel costs, Ms. Kennedy said that each district gets bids on a monthly or quarterly basis for fuel. The ability to secure from the local community providers is a bit of a challenge. The districts can issue their own bids.

In response to a question by Senator McDaniel regarding hold harmless levels, Ms. Kennedy the department will be able to access that from the Website and get it to Senator McDaniel after the meeting.

In response to a question by Senator McDaniel regarding guaranteed minimums to school-based councils, Ms. Kennedy said that in the past the allocation has typically been set at 3.5 percent. Legislation has allowed districts to take that down to as low as \$100 per pupil. The 3.5 percent is around \$133 and districts can go as low as \$100 per pupil now through budget language.

In response to a question by Senator Humphries, Mr. Desai said the Department reviews audits every year for the school districts and receives staffing reports in the fall. The department looks at staffing levels in the district. Typically, salary schedules and staffing levels are determined by local districts. When a district gets close to its 2 percent contingency, the department goes into the district and discusses staffing levels with the Superintendent, including salaries, in order to make

sure they can live within their means. Ms. Kennedy added that the legislature funded a study to have the worst buildings in the state evaluated and those have been identified. The General Assembly has provided some funding to assist school districts that have the worst buildings in the state. Through that mechanism, school districts have been able to take what revenue they can generate and merge that with what the state provides through equalization to be able to increase their bonding capacity and work with the School Facility Construction Commission to provide for those areas that otherwise could not afford that construction.

Representative Graham added that it all comes down to local districts, local school boards, and the local superintendent must be cognizant of those high salary positions and the number of administrators within the district.

In response to a question by Representative Richards regarding enrollment, Ms. Kennedy said that local districts must plan strategically in terms of enrollment. Better understanding of trends in different districts is very important.

In response to a question by Representative Graham regarding independent districts, Ms. Kennedy said she did not have numbers on independent school districts within the 120 counties with her, but she would be able to get a breakdown of those numbers and report back.

In response to a question by Representative Carney regarding local investment, Mr. Desai said he would have to review Senator Stine’s bill from last year that dealt with private funding. Ms. Kennedy added that the department monitors from the facilities branch to be sure that the dollars are spent effectively and efficiently.

Mr. Desai added that in the last year the department has deployed a school finance report card for school districts which gives a district-by-district break-down of finances, and a three year snapshot of the financial health of all school districts. This is available on the department’s website and he encouraged the members to review that information.

State Education Funding Systems: A National Perspective

Michael Griffith, School Finance Consultant, Education Commission of the States (ECS) said that ECS was created in 1965 to track state policy trends, translate academic research, provide unbiased advice and create opportunities for state leaders to learn from one another. Mr. Griffith discussed school funding formulas. He reported that Kentucky was considered a combination state when it comes to school funding. He also noted that Pennsylvania is the only state with no funding formula.

Next, Mr. Griffith discussed resource allocation systems. He reported that six states have these adopted this type system due to the clarity in the amount of resources that a district or school receives from the state. States can use this system to dictate the number of teachers and other resources that should be in a school. Other states have not adopted it because no matter how many components are put into the system, some may be missed, and calculating the cost of each education component is

time consuming, both for the state and the district.

Next, Mr. Griffith discussed the foundation formula. Thirty-three states, including Kentucky, use the foundation formula. The foundation formula determines the foundation, or base amount, counts student with weights, multiplies the student count by the foundation amount, determines state vs. local split, and adds on outside funding. Many states use the foundation formula because it is easy to establish, is easily adjusted to meet a state's education needs and economic circumstances, and provides districts with greater autonomy in decision making.

Mr. Griffith discussed the findings of the ECS At-Risk Funding Study. He said that 35 states provided some form of at-risk funding. Twenty-five states provide funding inside of the state-funding formula, while 10 states provide funding outside of the state-funding formula. Of the 25 states that provide funding inside of the state formula, 24 provided at-risk students with an additional weight. Of the 35 states that provide at-risk funding, 23 use some form of free or reduced price lunch to identify at-risk students. There are 42 states that provide some form of additional funding for English language learners (ELLs). The average additional funding that states provide equates to 38.7 percent.

In response to a question by Senator Wilson regarding changes Kentucky can make to improve our current school funding formula, Mr. Griffith said the department should look into how to better target and specify the special education dollars. Kentucky's base formula is set up on the base funding amount. In most states it is what can be afforded at the time. Making sure that the base number equates to what a general education child needs to achieve state standards is important. If that number is set to that amount, the rest of the formula will make sense.

With no further business before the committee, the meeting adjourned at 11:35 a.m.

INTERIM JOINT COMMITTEE ON ECONOMIC DEVELOPMENT AND TOURISM

Minutes of the 6th Meeting of the 2014 Interim

November 20, 2014

Call to Order and Roll Call

The 6th meeting of the Interim Joint Committee on Economic Development and Tourism was held on Thursday, November 20, 2014, at 1:00 PM, in Room 154 of the Capitol Annex. Senator Alice Forgy Kerr, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Alice Forgy Kerr, Co-Chair; Representative Keith Hall, Co-Chair; Senators Julian M. Carroll, Denise Harper Angel, Ernie Harris, Jimmy Higdon, Dennis Parrett, and Mike Wilson; Representatives Julie Raque Adams, Lynn Bechler, Kevin D. Bratcher, Larry Clark, Leslie Combs, Tim Couch, Jim DeCesare, Mike Denham, Bob M. DeWeese, Jeffery Donohue, C.B. Embry Jr., Jim Gooch Jr., Mike Harmon, Richard Heath, James Kay, Kim King, Brian Linder, Tom McKee, David

Osborne, Ruth Ann Palumbo, John Short, Arnold Simpson, Fitz Steele, Wilson Stone, Russell Webber, and Jill York.

Guests: Erik Dunnigan, Deputy Secretary and Hollie Spade, Chief of Staff, Kentucky Cabinet for Economic Development; David Adkisson, President and Chief Executive Officer, Kentucky Chamber of Commerce, and Hood Harris, President, AT&T Kentucky.

Legislative Guests: Senator Paul Hornback
LRC Staff: John Buckner, Louis DiBiase, and Dawn Johnson.

Approval of Minutes

A motion by Representative Simpson, seconded by Representative Palumbo, to approve the October 16, 2014, minutes carried by voice vote.

Telecommunications Modernization

Senator Paul Hornback said it is critically important for all Kentuckians to have access to high speed internet service—not just those who live in more urban areas. Recently, Governor Steve Beshear and Congressman Hal Rogers obtained funding to run fiber networks to many areas where none previously existed. However, many areas remain underserved. While government helps in providing quality high speed internet service, private investment plays an even larger role. Modernizing telecommunication laws will help meet this need.

Hood Harris, President of AT&T Kentucky spoke about 2014 SB 99, what the components of the bill involved, and the need for a similar bill in the 2015 legislative session. Emphasis was given to the rapid pace of technological change in telecommunications. In the span of barely a decade, rotary dial phones have been increasingly replaced with modern wireless and IP-enabled services that offer video and data services along with voice service. The speed of data transmission has also increased exponentially, which has served to render the physical distance between businesses less important. Now businesses in rural Kentucky can communicate with firms nationally or internationally as easily as they can with those in urban areas of the state. To bring modern communication services to all areas of the state is costly, and to help speed the process of this transition, the state's regulatory statutes need to be changed.

Mr. Harris emphasized that neither AT&T nor any other telephone company will unilaterally take out of service existing equipment used to provide telephone service. In rural areas, or exchanges with less than 15,000 housing units, this bill guarantees every rural customer the legal right to receive voice service from the provider, and that voice service must have the functionality required by federal law. At rural locations where the provider has already installed the facilities needed to provide basic local exchange service, nothing changes the day this bill passes — if those customers request basic local exchange service, the provider is still required to provide it. If one of those rural customers later decides to order a service different from the one they currently have, the provider can use modern IP enabled or wireless service to fill that new order, but if it does, the provider must tell the customer two things. First, it must tell the customer that it is

using a modern technology to fill that new order, and second, the provider must tell the customer that they have 30 days to notify the provider if they decide they no longer want that new service. If that customer notifies the provider within 30 days that they no longer want the new service, the PSC can continue to require the provider to give basic service at that location. On the other hand, if that customer keeps the new service for longer than 30 days, the provider is no longer required to provide basic service at that location, but, as is the case for every rural location under the bill, the provider remains obligated to provide voice service with the functionality required by federal law. It was further emphasized that the bill would provide rural Kentuckians a second layer of protections above and beyond those provided by the rules of the Federal Communications Commission (FCC). First, AT&T must prove to the FCC that its new services give consumers what they want. Second, AT&T will have to prove that to every existing rural customer in Kentucky.

Responding to Representative Palumbo's question, Mr. Harris said passage of broadband legislation would benefit educational programs like the Microsoft TEALS (Technology Education And Literacy in Schools) program at Lee County High School.

Responding to Senator Parrett's question, Mr. Harris said the new legislation will contain language ensuring the current wholesale agreement between telephone service providers.

In response to Representative Kay's question, Mr. Harris explained that currently, AT&T expenditures include maintaining antiquated systems rather than consumer-driven investment in new technologies. Representative Kay said Kentucky's future lies in education and technology which go hand-in-hand. Kentucky needs to be a technology pioneer.

Responding to Representative Webber's question Mr. Harris said AT&T has heard no objections to the legislation from the Public Service Commission. Representative Webber said as a representative from a high growth area he supports the legislation to create a favorable job climate. He noted that the Bullitt County Chamber of Commerce again endorsed the 2015 legislation.

Senator Wilson said as chairman of the Education Committee he supports increasing broadband access.

Dave Adkisson, President of the Kentucky Chamber of Commerce expressed support for modernizing telecommunications regulations, stating that Indiana and Tennessee have already done so and that Kentucky needs a level playing field in order to entice more investments and businesses to expand or relocate here.

Responding to Representative Linder's question Mr. Adkisson said on the economic development front, Kentucky is falling behind other states in telecommunications. This legislation allows Kentucky to become more competitive in recruiting and retaining businesses at no cost to the state.

Responding to Representative Combs' concerns Mr. Harris said under the legislation rural

area customers with basic local exchange service retain the right to keep their landline phone.

Responding to Senator Harper Angel's question Mr. Harris said that, while the legislation does not guarantee service in urban areas, the competitive marketplace will provide assurances that those services will be available.

In response to Representative Bechler's questions Mr. Harris said AT&T's priorities include expanding in rural and metropolitan areas. He explained that expanded services have already decreased consumer costs.

Responding to Representative Clark's question Mr. Harris said the bill contains different protections for rural and urban areas. Urban areas have federal protections as well as marketplace competitiveness.

The Cabinet for Economic Development's Deputy Secretary Erik Dunnigan and Chief of Staff Hollie Spade spoke about factors that influence business location and investment decision. One factor that is often important to many businesses is the availability and speed of modern telecommunications. A decade ago, high-speed broadband technology was not a common factor in business location and investment decisions; however, now it is often a "top-five" factor. It was also mentioned that the average Internet speed in Kentucky is approximately 7.5 Mbps, while the national average is 12 Mbps, and the national average in Japan is 125 Mbps.

Tom FitzGerald, President of Kentucky Resources Council expressed concern over the proposed changes to telecommunications statutes. He said that landlines are still a vital means of telecommunications, particularly in mountainous, rural areas, and that the proposal does not go far enough to guarantee continued landline access.

There being no further business, the meeting was adjourned at 2:45 PM.

SPECIAL SUBCOMMITTEE ON ENERGY

Minutes of the 6th Meeting of the 2014 Interim

November 21, 2014

Call to Order and Roll Call

The 6th meeting of the Special Subcommittee on Energy was held on Friday, November 21, 2014, at 10:00 AM, in Room 171 of the Capitol Annex. Representative Richard Henderson, 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 Joe Bowen, Ernie Harris, Ray S. Jones II, Dorsey Ridley via video-conference, Katie Stine, and Johnny Ray Turner; Representatives Dwight D. Butler, Hubert Collins, Leslie Combs, Tim Couch, Will Coursey, Jim Gooch Jr., Thomas Kerr, Sannie Overly, Tom Riner, John Short, Kevin Sinnette, Fitz Steele, and Brent Yonts.

Guests: Rodney Andrews, Director, Center for Applied Energy Research; Bill DePriest, President, Kentucky Propane Gas Association; Gregory T. Guess, Director, Division of Efficiency and

Conservation, Kentucky Department for Energy Development and Independence; and Jeremy Faust, Strategic Business Development Director, Greater Cincinnati Energy Alliance.

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

The minutes for August 15, 2014, September 19, 2014 and October 17, 2014 were approved, by voice vote, upon motion of Representative Collins and seconded by Senator Harris.

Research Effort to Diversify Kentucky's Energy Economy

Rodney Andrews, PhD PE, Director for Kentucky Experimental Program to Stimulate Competitive Research (EPSCoR) explained that EPSCoR supports states and territories that receive less than 0.75 percent of the National Science Foundation (NSF) research budget. EPSCoR funds are used for programs designed to increase the competitiveness for NSF research and development funding. Kentucky receives approximately 0.23 percent of the NSF research budget. The University of Kentucky received a Research Infrastructure Improvement Track I award of \$20 million from NSF along with \$4 million provided by the state's EPSCoR program.

Dr. Andrews defined infrastructure as people (faculty and students), equipment (major investments) and education (STEM education, public outreach and workforce). Research goals are utilizing Kentucky's biological resources to develop new materials, industries and jobs; develop a lignin-based biomass technologies and products; develop biological active membranes; develop improved energy storage materials based around biomaterials and bio-inspired approaches; and leverage research to increase STEM graduation rates. The statewide investment would support the additional institutions of the University of Kentucky, University of Louisville, Kentucky State University, Western Kentucky University, Eastern Kentucky University, Northern Kentucky University, Morehead State, Big Sandy, and Bluegrass Community Technical College with the expectation of expanding to Murray and Pikeville. This would also involve hiring 12 new faculty hires. The program would better prepare students for STEM careers. Dr. Andrews stated that when students are more involved in research it enhances and encourages retention in the programs. Faculty and students would be better able to solve the problems facing Kentucky in creating a sustainable bio-economy.

In response to Representative Steele, Dr. Andrews said switchgrass or any biomass has the issue of transportation. If the existing plant is a pulverized coal plant, and no major modifications are made, it restricts the amount of biomass that can be used. It is more expensive to burn switchgrass.

In response to Representative Gooch, Dr. Andrews said that several companies are looking at how to use batteries with intermittent sources of energy like wind and solar to store energy and generate enough power to make a difference in the grid. The efficiency comes from allowing the units to run flat by storing the energy when there is

excess energy to be used when there is peak energy consumption. The higher the efficiency of the plant would result in lower carbon emissions.

In response to Representative Yonts, Dr. Andrews said that the program is reaching out to high school students.

Propane Supply Update

Mr. Bill DePriest, President, Kentucky Propane Gas Association (the Association) explained that the propane shortage in 2013 was mostly caused by the mid-west exporting fuel to the Gulf of Mexico without anticipating the high volume needed for drying grain and the early onset of winter. He said that the industry traveled all over the nation to get propane back to Kentucky.

Mr. Gregory T. Guess, Director, Division of Efficiency and Conservation, Kentucky Department for Energy Development and Independence said that propane inventories are now currently above the five-year average which is better than last year. He confirmed that exporting and a reversal of one of the pipelines to Canada was part of the problem for lack of propane supplies. The reversal of the pipeline resulted in a loss of 320 million gallons of propane. Mr. Guess said that if Kentucky has another tough winter there may not be enough propane. He stated that by next winter there should be sufficient infrastructure to help replace the 320 million gallons of propane. Another issue was the shutdown of a terminal in Todhunter, Ohio which contained 40 million gallons of propane in underground storage. The terminal developed a leak. The Todhunter terminal was a cushion for the Midwest region. The terminal still has 210,000 gallons of storage capacity but not the full 40 million gallons capacity level.

Mr. Guess said that Kentucky households heating with propane are mainly in Northern Kentucky, Western Kentucky and the Purchase area. The residential price for propane spiked in early 2014 because of shortages. The National Oceanic and Atmospheric Administration (NOAA) is forecasting that there is an equal chance that the temperature for this winter will be above normal, normal, or colder than normal. Based on that forecast, Kentucky's propane supplies will be adequate. Mr. DePriest said that the Association is working to make sure that there is an adequate supply of propane. The Association is also encouraging customers to fill their tanks now instead of waiting until bad weather hits. Mr. Guess said that the KDEDI has been working closely with the Association and state agencies providing information related to the supply of propane and other heating sources. He said South Dakota and Wisconsin have already declared states of emergency because there are shortages of diesel fuel and kerosene. KDEDI was recently notified by the Energy Information Administration that heating oil inventories in Kentucky's region are below the five year average.

In response to Representative Collins, Mr. Guess said the Department was trying to find out why there is already a shortage of heating oil/diesel fuel. It appears that there is a big draw out of the upper mid-west to meet the demand in Canada and the Dakotas. It could also be that the inventory has

been drawn down because prices have dropped. Mr. Guess said that prices were likely to go up in the winter months due to the lack of availability.

In response to Representative Collins, Mr. Guess said that supply is not the issue for propane but it is the lack of infrastructure to get it to where it is needed. The demand for propane is only for a few months. From the industry's standpoint it is not economically feasible to increase the infrastructure. Mr. DePriest said it was true that last year Kentucky was only able to get enough propane to fill most tanks only half-full. He also said there should not be a shortage for propane for this winter because the mid-west region has more propane available than last year.

In response to Representative Henderson, Mr. Guess said the loss of propane at the at the Todhunter storage facility could have an adverse impact on the price of propane for this region. He said he was not sure how Enterprise, the owner of the Todhunter facility, planned to go about obtaining more propane for their storage facility. Mr. DePriest said the loss of storage capacity at the Todhunter facility should not affect the price or supply to this region this year and the price of propane is lower than this time last year.

In response to Representative Riner, Mr. Guess said that any unvented heater has to have an oxygen depletion sensor and an American Gas Association (AGA) stamp showing that the heater is safe. Older heaters will probably not have the AGA stamp, and it would be important to install a carbon monoxide detector.

Energy Project Assessment Districts

Mr. Jeremy Faust, Strategic Business Development Director, Greater Cincinnati Energy Alliance discussed Energy Project Assessment District (ePADs), also known as PACE, is a new and innovative way for commercial property owners to pay for energy efficiency upgrades, on-site renewable energy projects, and water conservation measures with no cost to Kentucky taxpayers. More than 30 states have adopted similar ePAD legislation. ePAD funding is arranged for 100 percent of a project's costs, and is repaid by participating property owners with an assessment on the property tax bill over a term of up to 20 years. Financing energy projects helps to create jobs and save small businesses money. Mr. Faust explained that the mission of the Kentucky ePAD Council is to facilitate investment in energy efficiency for industrial and commercial building owners through outreach and education, and financing solutions such as Energy Project Assessment Districts. The Council is a membership-based not-for-profit social welfare organization, established under Section 501(c)(4) of the Internal Revenue Code.

In response to Representative Collins, Mr. Faust said the goal is to drive the economic development projects in communities. He said each model works differently in particular areas. Energy efficiency projects can include improved lighting, heating and cooling equipment, and insulation and air sealant that a property owner may need improvement on.

In response to Representative Combs, Mr.

Faust said that the projects are done with no cost to the taxpayer. He said that no analysis had been done yet to determine the growth of jobs. Other states using ePAD show a dramatic growth curve.

In response to Senator Carpenter, Mr. Faust said that property owners who receive project funding repay the amount through a property assessment for up to 20 years. Financial investors are willing to help small businesses and commercial property owners through the ePAD program.

There being no further business, the meeting was adjourned.

INTERIM JOINT COMMITTEE ON HEALTH AND WELFARE

Minutes of the Seventh Meeting of the 2014 Interim

December 17, 2014

Call to Order and Roll Call

The seventh meeting of the Interim Joint Committee on Health and Welfare was held on Wednesday, December 17, 2014, at 10:00 a.m., in Room 129 of the Capitol Annex. Representative Tom Burch, Co-Chair, called the meeting to order at 10:06 a.m., and the secretary called the roll.

Present were:

Members: Senator Julie Denton, Co-Chair; Representative Tom Burch, Co-Chair; Senators Joe Bowen, Tom Buford, Julian M. Carroll, Perry B. Clark, Denise Harper Angel, Jimmy Higdon, Katie Stine, and Reginald Thomas; Representatives Julie Raque Adams, Robert Benvenuti III, Bob M. DeWeese, Mary Lou Marzian, Reginald Meeks, Darryl T. Owens, Ruth Ann Palumbo, David Watkins, Russell Webber, Susan Westrom, and Addia Wuchner.

Guests: Beth Jurek, Executive Director, Office of Policy and Budget, Cabinet for Health and Family Services; Brent Cooper, President, C-Forward, Inc.; Wayne Meriwether, MHA, Chief Executive Officer, Twin Lakes Regional Medical Center; Jonathan Rich, DMD, Board Chair, Public Health Accreditation Board; Lynne M. Saddler, MD, MPH, District Director of Health, Northern Kentucky Independent District Health Department, Accredited Health Department, Public Health Accreditation Board; Marylee Underwood, Commonwealth Council on Developmental Disabilities; Bill Doll, Kentucky Medical Association; Scott Wegenast, AARP of Kentucky; Eric Clark, Kentucky Association of Health Care Facilities; Mark R. Brengelman, Hazelrigg & Cox LLP; Sarah S. Nicholson and Pam Mullaney, Kentucky Hospital Association; Cara Stewart, Kentucky Equal Justice Center; and Steve Shannon, Kentucky Association of Regional Programs.

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

Approval of the Minutes

A motion to approve the minutes of the November 19, 2014 meeting was made by Senator Carroll, seconded by Senator Harper Angel, and approved by voice vote.

Consideration of Referred Administrative

Regulations

The following referred administrative regulations were on the agenda for consideration: **201 KAR 36:060** – establishes the supervision requirements to qualify for licensure and enables the Kentucky Board of Licensed Professional Counselors to evaluate applications by establishing the supervision experience requirements for licensure; **201 KAR 36:070** – establishes the educational and examination requirements for licensed professional counselors in the state of Kentucky and specifically requires that as of January 1, 2017, applicants have degrees from programs accredited by the Council on Accreditation of Counseling and Related Programs; **201 KAR 36:080** – establishes processes by which inactive licensure status and required status can be grated to a licensee upon written request to the Kentucky Board of Licensed Professional Counselors; **902 KAR 20:008** – establishes the fee schedule and requirements for obtaining a license to operate a health facility and establishes the procedure for obtaining a variance; **902 KAR 20:430 & E** - establishes minimum licensure requirements for the operation of behavioral health services organizations which provide behavioral health services necessary to treat, support, and encourage individuals with a substance use disorders, mental health disorder, or co-occurring disorder to achieve and maintain the highest possible level of health and self-sufficiency; **902 KAR 20:440 & E** – establishes the minimum licensure requirements for the operation of residential crisis stabilization units which serve at-risk children or children with severe emotional disabilities, at-risk adults or adults with severe mental illness or individuals with substance use disorder or co-occurring disorders; **908 KAR 3:050** – establishes the patient cost per day for board, maintenance, and treatment for state owned facilities at frequent intervals which shall be the uniform charge for persons receiving those services; and **908 KAR 3:060** – specifies the means test and income eligibility requirements used to determine a person's ability to pay for services at a facility owned by the state. A motion to accept the referred administrative regulations was made by Senator Buford, seconded by Senator Carroll, and accepted by voice vote.

Consideration of Executive Order 2014-906 Amending Executive Order 2014-561 relating to Establishment and Operation of Kentucky Office of Health Benefit and Health Information Exchange

Beth Jurek, Executive Director, Office of Policy and Budget, Cabinet for Health and Family Services, stated that Executive Order 2014-561 created and established the Kentucky Office of Health Benefit and Health Information Exchange along with the kynect Advisory Board which is composed of 19 members appointed by the Governor who have relevant experience in health benefits administration, health care finance, health plan purchasing, health care delivery system administration, public health, and other health policy issues related to the small group and individual markets and the uninsured. Executive Order 2014-906 would expand the kynect Advisory

Board to include the Secretary of the Health and Family Services Cabinet or the Secretary's designee and one additional consumer representative for a total membership of 21 members. The executive order names the board members appointed by the Governor. A motion to accept the executive order was made by Senator Carroll, seconded by Representative Watkins, and accepted by voice vote.

Smoke-Free Kentucky

Brent Cooper, President of C-Forward, Inc., stated that some areas of Kentucky have no smoking bans in place, like Northern Kentucky, and others do not. It has been proven that a smoking ban will not hurt businesses but in certain circumstances, help bring in more customers. Ireland is a smoke-free country. Smoke-free environments provide healthier places for non-smokers. The main reason for the smoke-free legislation is to save lives and reduce health insurance costs for Kentuckians. Smokers are a protected class in Kentucky, because an employer cannot discriminate against someone who smokes. One of the largest tobacco companies, Phillip Morris, admits that second-hand smoke causes health problems. Second-hand smoke is a danger to the workforce.

Wayne Meriwether, MHA, Chief Executive Officer, Twin Lakes Regional Medical Center, stated that 130 healthcare facilities in Kentucky support a smoke-free statewide smoking ban. Hospitals are now leading by example with tobacco-free campuses. The Kentucky Hospital Association supports smoke-free legislation. Knowledge and tolerance has changed as more is learned about the dangers of smoking. As part of the Affordable Care Act, hospitals conduct a community needs assessment to help improve health problems. Approximately 26.5 percent of Kentuckians smoke. Kentucky leads the nation in cancer-related deaths due to smoking and is the forth-seventh unhealthiest state. 27 percent of Kentuckians are exposed to second-hand smoke at work. There are 7,000 chemicals in second-hand smoke and 69 cause cancer. Approximately 950 Kentuckians die from second-hand smoke complications yearly. Sixty-five percent of Kentuckians favor a smoking ban law. Annual expenditures for smoking-related healthcare are \$1.92 billion and \$106 million for second-hand exposure. Smoke-free environments can change the attitude of youth about smoking. The goal of smoke-free legislation is to help Kentuckians become healthier and reduce healthcare costs. Smoke-free legislation does not take away someone's privilege to smoke, but it just says they have to do it outside.

Representative Westrom stated that smoke-free legislation will be introduced during the 2015 Regular Session. She asked that legislators keep an open mind about the legislation. The best way to have public support for a smoke-free law is to educate them about the benefits of not smoking.

Representative Adams stated that some legislators think local communities should decide about smoke-free ordinances. Unfortunately, it is a statewide problem and needs to be addressed at the state level. Smoke-free legislation will save healthcare costs for Kentuckians.

Representative Watkins stated that the smoke-free legislation will improve the health of Kentuckians, because smoking and second-hand smoke lead to huge healthcare costs.

Representative Burch stated that smoke-free laws did not hurt businesses in Rhode Island after a smoke-free law was passed. It is time to have a statewide smoking ban in Kentucky.

Senator Thomas stated that there is a better chance of not having heart-related problems if someone does not smoke. Passing a smoke-free law is not a partisan issue but an issue about doing what is best for the health of Kentuckians in order to live productive lives.

Senator Bowen stated that local communities should have the option to enforce smoke-free ordinances. Mr. Cooper stated is a statewide problem, therefore, there needs to be a statewide smoke-free law. Representative Westrom stated that not everything can be solved at the local level.

Senator Carroll stated that Kentucky spends \$8 billion, approximately 50 percent, of the budget on healthcare. Funds used on unnecessary and/or preventable health issues could be used to help Kentucky's education system. Passing a statewide smoke-free law is a legislative responsibility.

Representative DeWeese stated that smoke-free legislation has been passed out of the House Standing Committee on Health and Welfare for several years, but has not been called for a vote in the House chamber. Representative Westrom stated that legislators need to ask the House leadership to make smoke-free legislation a number one priority of the 2015 Regular Session.

Senator Denton stated that it is not fair for non-smoking state government employees to be responsible for the higher healthcare costs of smokers. When a company is in the process of deciding to locate in Kentucky, a healthy workforce is one of the factors in the decision. Companies that decide to open businesses in Kentucky will provide new revenues for the Commonwealth. It is irresponsible not to pass a smoke-free law in Kentucky.

Senator Higdon stated that while second-hand smoke is a contributing factor for someone being diagnosed with lung cancer, exposure to radon is a bigger factor. Representative Westrom stated radon testing legislation has already passed the General Assembly. Now it is time for the General Assembly to pass smoke-free legislation.

Northern Kentucky Board of Health

Jonathan Rich, DMD, Board Chair, Public Health Accreditation Board, stated that the Northern Kentucky Board of Health is in the process of drafting a bill for the 2015 Regular Session that will amend KRS 212.786 pertaining to the size and make-up of independent health boards. Currently, there is no cap on either in Northern Kentucky. The change in the statute would reduce the size of the board from 32 to 23 to enable the board to have a more manageable membership.

Lynne M. Saddler, MD, MPH, District Director of Health, Northern Kentucky Independent District Health Department, Accredited Health

Department, Public Health Accreditation Board, stated that amending KRS 212.786 would reduce the size and growth of the board. Currently there are 32 board members and membership will continue to grow based on population size. The legislation would also broaden the professions of someone who can serve on the board.

Representative Wuchner stated that there are no hidden agendas in amending the statute. In response to a question by Representative Wuchner, Dr. Saddler stated there will still be a consumer on the board. Amending the statute would create more flexibility.

In response to questions by Representative Burch, Dr. Saddler stated that the make-up of the board depends on who gets nominated and approved to serve on the board. Having 23 members would allow the board to be able to get a quorum and make it easier to conduct business.

In response to a question by Representative Marzian, Dr. Saddler stated that amending the statute would not affect Title X federal funding that helps provide healthcare services to children and families.

In response to question by Senator Carroll, Dr. Saddler stated that the average attendance at a board meeting is between 21-30 members. Senator Carroll stated that the current membership should not be changed but a management board should be created. All other members would be on an advisory board. All counties could be represented.

Adjournment

There being no further business, the meeting was adjourned at 11:40 a.m.

INTERIM JOINT COMMITTEE ON EDUCATION

Minutes of the 6th Meeting of the 2014 Interim

November 10, 2014

Call to Order and Roll Call

The sixth meeting of the Interim Joint Committee on Education was held on Monday, November 10, 2014, at 1:00 PM, in Room 149 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 Derrick Graham, Co-Chair; Senators Joe Bowen, David P. Givens, Jimmy Higdon, Stan Humphries, Alice Forgy Kerr, Gerald A. Neal, Katie Stine, Reginald Thomas, and Johnny Ray Turner; Representatives Regina Bunch, John Carney, Hubert Collins, Jim DeCesare, Jeffery Donohue, C.B. Embry Jr., Kelly Flood, Joni L. Jenkins, James Kay, Brian Linder, Mary Lou Marzian, Charles Miller, Marie Rader, Jody Richards, Tom Riner, Bart Rowland, Rita Smart, Wilson Stone, David Watkins, Addia Wuchner, and Jill York.

Legislative Guest: Representative Arnold Simpson.

Guests: Jacob Sims, Americans For Prosperity; Patrick Wolf, University of Arkansas; and Clyde Caudill, Kentucky Association of School

Administrators.

LRC Staff: Jo Carole Ellis, Ben Boggs, Janet Stevens, and Lisa W. Moore.

Approval of the October 13, 2014, Minutes

Representative Collins motioned to approve the minutes and Representative Wuchner seconded the motion. The motion carried.

Reports from Subcommittee Meetings

Senator Kerr reported that the Subcommittee on Postsecondary Education meeting focused on the connections among postsecondary education, economic development, and workforce training. The Kentucky Community and Technical College System led a presentation on the Kentucky Skills Network. This was followed by presentations by the Kentucky Commission on Proprietary Education on its progress since establishment by the General Assembly in the 2012 session, and the Council on Postsecondary Education (CPE) on the recent closing of Mid-Continent University.

Representative Stone reported that the Subcommittee on Elementary and Secondary Education met and heard very informative presentations on school calendars and efforts to improve mathematics achievement.

Education Savings Accounts and School Choice Presentation

Leslie Hiner, Vice President of Programs and State Relations, The Friedman Foundation for Educational Choice, said Arizona and Florida are the only states that have education savings accounts (ESAs). She said an ESA offers options that parents currently do not have. The savings account is controlled by parents, funded by state-allocated education funds, and is available to pay for a child's necessary educational services and products.

Ms. Hiner said that Arizona's ESA requires parents to sign a contract with the state and then withdraw the student from the public school system. She said 90 percent of the state funds normally allocated to the student to attend public school are deposited into the savings account. Only state funds are used; however, federal Title I funds may become available in the future. Unused funds can be used for college fees and costs. Parents can buy private school tuition and fees; public school and online course tuition and fees; education therapy services, aides, and fees; textbooks, curriculum, and testing fees; college tuition and entrance exams; and college textbooks and fees.

Ms. Hiner said legislators can decide who can, or cannot, participate in ESAs. Current ESA programs include: children with special needs and siblings, children from low income families in failing schools, children in foster care, children of active-duty military families, children of fallen soldiers, and children in kindergarten. Arizona continues to expand its program to meet demand, while Florida is serving thousands of students in its first year.

Benjamin Scafidi, Professor of Economics and Director of the Education Economics Center, Kennesaw State University, and Senior Fellow, Friedman Foundation for Educational Choice, said Kentucky has experienced staffing surges higher than the national average from fiscal years 1992

through 2011. While the nation's public schools increased students by 13.8 percent, teachers by 27.4 percent, and administrators by 45.6 percent during that time period, Kentucky increased its student population by 2.7 percent, teachers by 11.9 percent, and administrators and other staff by 44.4 percent. At the same time, Kentucky's teacher to student ratio decreased.

Dr. Scafidi noted that Kentucky's student achievement did not rise during the time period of the public school hiring spree. Nationally, public high school graduation rates are about the same as they were in 1970. He said there is no evidence that students are harder to teach, and two research studies show that students are easier to teach than they were in 1970. He noted the federal *No Child Left Behind* (NCLB) program did not cause the hiring spree and if anything, moderated it, and lead to more hirings of lead teachers relative to other staff. Lastly, he said there is an inherent tradeoff between class size and teacher quality. He said the hiring of more teachers can lessen the quality of teachers that are hired.

Dr. Scafidi said the public school staffing surge has a significant opportunity cost. He said if Kentucky had increased non-teaching staff at the same rate as its increase in students during fiscal years 1992 through 2011, it would have saved Kentucky public schools \$826,379,000 per year in annual recurring savings.

Dr. Scafidi said designing a school choice program can save the state money. School choice programs can designate state funds that follow the child to be less than the average state spending per student. He noted this does not harm the students who remain in public schools, and they may benefit academically.

Dr. Scafidi said the fiscal effect of a given school choice program on local school district budgets is more complicated than it is for state budgets. Specifically, school choice programs that allow school districts to retain funding for any fixed costs would not harm the fiscal health of public schools or decrease resources available to students who remain in public schools.

Dr. Scafidi concluded the best time to expand school choice is when the economy and budget are growing. States have a choice: design school choice programs that save states money and leave more resources for students who remain in public schools, or give more state funding to public schools and question why the bureaucracy grows and student achievement does not.

Patrick Wolf, Professor and 21st Century Endowed Chair in School Choice, Department of Education Reform, University of Arkansas College of Education and Health Professions, said private school choice programs do not make significant impacts on improving student test scores. Most research studies show modest positive impacts in reading, and none in math, and the reason for this is not clear.

Dr. Wolf said there are positive impacts associated with offering private school choice programs. He said there are no findings that private school choice reduces the test scores of students, and can increase graduation rates, specifically

for inner city students. They also have been attributed to increasing student attainment rates in higher education, which can positively affect one's earnings, health, personal responsibility, and longevity.

Representative Miller commented that Jefferson County has schools of choice. He said superintendents and local boards of education can choose to offer these schools if they desire.

Responding to a question from Representative Wuchner regarding the Constitution limiting school vouchers, Ms. Hiner said ESAs were ruled constitutional in Arizona. She said Kentucky's laws are similar to the laws in Arizona but could not assume a Kentucky Supreme Court would rule in the same manner. Courts are becoming more knowledgeable about the issue and nuances of school choice.

Representative DeCesare said Jefferson County may have school choice, but it does not have district choice. He said parents have the ability to send their child to a private school, but the state money does not follow the child. He believes Kentucky and West Virginia should have the same opportunities as other surrounding states to offer charter schools.

Senator Givens would like for the Kentucky Department of Education to respond to the spreadsheet that was provided to members showing the significant increases in administrative positions from fiscal years 1992 through 2011.

Charter Schools Presentation

Mendell Grinter, Kentucky State Director, Black Alliance for Educational Options (BAEO), said its mission is to increase access to high quality education options for black children by actively supporting transformational education reform initiatives and parental choice policies that empower low-income and working-class black families. BAEO believes charter schools have the potential for providing an educational lifeline for many of Kentucky's most vulnerable children.

Mr. Grinter said charter schools do not loosen accountability or academic standards and expectations for its students. Charter schools follow the same accountability measures as non-charter public schools and often set additional accountability measures for student academic performance and growth. He noted public charter schools do not add any new costs to the state's public education system. The money associated with a student in a non-charter public school will simply follow that student when the student enrolls in a public charter school in the state.

Mr. Grinter said Kentucky is one of eight states that does not have charter school legislation. He said 75 percent of black respondents in a recent BAEO poll support charter schools as an educational option. There are currently an estimated 6,400 charter schools across the country serving 2.5 million students. Since 2008, the number of students on a charter school waiting list has grown by 186 percent.

Mr. Grinter said charter school students are performing well. A recent Stanford University study found that minority students attending public charter schools are learning more than their traditional

public school counterparts as measured by additional weeks of learning. Specifically, low-income black students received seven more weeks of learning in math and six more weeks of learning in reading than their traditional public school counterparts.

Ms. Lynn Rippey, Jefferson County school board member, parent, and concerned citizen, testified in support of public charter schools. She urged committee members to pass charter school legislation in the 2015 Regular Session.

Dave Adkisson, President, Kentucky Chamber of Commerce, representing more than 90,000 employers in the state, said the chamber supports charter schools as a tool for school choice. He noted Kentucky lost major points in the "Race to the Top" federal grant program by not providing charters schools as an option for students.

Mr. Adkisson said the districts of innovation legislation passed in the 2012 regular session of the General Assembly was a good step forward, but school choice should be expanded further. He said charter schools should be a non-partisan issue, and 42 states have passed similar legislation. He urged Kentucky to pass charter school legislation in the upcoming 2015 regular session.

Wayne D. Lewis, Chair of the Kentucky Charter Schools Association, said public charter schools were created more than 20 years ago to improve the nation's public school system as a way to help close the achievement gap. Public charter schools are unique public schools that have the freedom to be more innovative while being held accountable for improving student achievement. Because they are public schools, charter schools are open to all children, do not charge tuition, and are held publicly accountable to government entities and, more important, to the families they serve.

Dr. Lewis said in general, public charter schools have more autonomy than traditional public schools, and as a result, they have more control over their budgets, staffing, curricula, and school operations. Additional freedom means that public charter schools can create innovative academic programs tailored to meet the unique needs of students and their communities.

Dr. Lewis said achievement gaps between Hispanic, African American, and white students across the state are significant, but the gaps are even greater in the Fayette County Public Schools (FCPS). Additionally, the racial performance gaps between students of color and white students in the Jefferson County Public Schools (JCPS) are not as large as the racial gaps between students of color and white in the FCPS.

Dr. Lewis said as was shown in the performance data in both the state and FCPS, smaller percentages of African American students scored at the proficient or distinguished levels than did economically disadvantaged students (students who receive free or reduced-price meals) in JCPS. He said the argument that racial achievement gaps in JCPS are solely the function of socioeconomic differences is not supported by the data. Complete statistics regarding achievement gap data statewide, and in the FCPS and JCPS, is located in the meeting materials in the Legislative Research Commission

library.

Dr. Lewis concluded that research shows that across the country high-quality public charter schools are making major strides toward eliminating achievement gaps among white students, students of color, and economically disadvantaged students, giving all students the education opportunities they deserve. The performance of charter schools is heavily influenced by the environment in which they operate. The strength of a public charter school law, the rigor by which new charters are approved, monitored, and renewed, and the level of legislative, authorizing, and community support make all the difference between creating high-performing public charter schools and mediocre ones.

Senator Wilson commended Dr. Lewis for providing the committee with the achievement gap data for FCPS and JCPS. He commended Mr. Adkisson on the success of The Leadership Institute for School Principals that is sponsored by the Kentucky Chamber of Commerce.

Responding to questions from Senator Thomas regarding the Fayette County equity report and funding to address the achievement gap in FCPS, Mr. Adkisson said the Kentucky Chamber of Commerce supports tax reform and has invested \$181 million in public schools in the past. Kentucky needs to revisit some of its outdated tax provisions.

Dr. Lewis responded that if the white and black student statistics were reversed in the achievement gap data, the General Assembly would have already taken aggressive steps to find alternatives to address the situation. He said that Williams Wells Brown is the lowest achieving elementary school in the state, and something drastic needs to change to turn things around for those students.

Representative DeCesare said various education groups dictate the education policy in Kentucky. He said legislators need to stand up for students and demand public charter schools as a choice.

Senator Kerr said it is heartbreaking to see the achievement gap statistics in FCPS. Answers are needed to the problems.

Senator Higdon said a charter school compromise is needed and suggested piloting charter schools in Fayette and Jefferson counties. Student needs should come before political positions on the issue.

Mr. Grinter said West Louisville needs immediate attention. He urged Jefferson County legislators to listen to their constituents and provide education choices to students who are not thriving in the public school system.

Mr. Adkisson said the Prichard Committee on Academic Excellence report on charter schools will be released in a few weeks. The report should provide valuable information on school choice.

Other Business

Senator Wilson announced the Interim Joint Committee on Education will meet on Monday, December 8, 2014, at 1:00 PM at Kentucky State University to hear the report and recommendations from the dual credit work group.

Adjournment

With no further business before the committee,

the meeting adjourned at 2:55 PM.

INTERIM JOINT COMMITTEE ON EDUCATION

Minutes of the 7th Meeting of the 2014 Interim

December 8, 2014

Call to Order and Roll Call

The 7th meeting of the Interim Joint Committee on Education was held on Monday, December 8, 2014, at 1:00 PM, at Kentucky State University. Representative Derrick Graham, Co-Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Derrick Graham, Co-Chair; Senators Joe Bowen, Jared Carpenter, David P. Givens, Jimmy Higdon, Alice Forgy Kerr, and Katie Stine; Representatives John Carney, Hubert Collins, Leslie Combs, Jeffery Donohue, C.B. Embry Jr., Kelly Flood, Richard Heath, Joni L. Jenkins, James Kay, Mary Lou Marzian, Donna Mayfield, Reginald Meeks, Rick G. Nelson, Ruth Ann Palumbo, Jody Richards, Tom Riner, Bart Rowland, Rita Smart, Wilson Stone, Addia Wuchner, and Jill York.

Guests: Jonathan Lowe, Jefferson County Public Schools; Michael Flory, REL Appalachia; Sue Cain, Council on Postsecondary Education; David Thomas, Legislative Research Commission (LRC), Senate Minority Staff; Chuck Truesdell, LRC; Joe Burks LRC; Felicia C. Smith, National Center on Education and Economy; Mike Quillen, Kentucky Community and Technical College System (KCTCS); Brenna Kelly, Kentucky Department of Education; Kim Merritt, Kentucky Association of Blacks in Higher Education (KABHE); Felisa Wilson, KABHE; Tyesha Jackson, KABHE; Phil Smith, KABHE; Gary Cox, Association of Independent Kentucky Colleges and Universities; Deveia Thomas, KABHE; Pat Higgins, Kentucky State University and KABHE; Clyde Caudill, Kentucky Association of School Administrators; Ashley Parrott, Education and Workforce Development Cabinet; Augusta Julia, Bluegrass Community and Technical College; Donna Reed, National College; Michaela Giles, Office of State Budget Director; Julian Tackett, Kentucky High School Athletic Association (KHSAA); Hannah Hodges, KCTCS.

LRC Staff: Jo Carole Ellis, Ben Boggs, and Daniel Clark.

Approval of the November 10, 2014, Minutes

Upon motion from Representative Leslie Combs, seconded by Representative Joni Jenkins, the minutes were approved by voice vote.

Welcome

Raymond Burse, President, Kentucky State University (KSU) and Karen W. Bearden, Chair, Board of Regents, KSU, welcomed and thanked the committee for allowing KSU to host the Interim Joint Committee on Education.

Dual Credit Work Group

Terry Holliday, Commissioner, Kentucky Department of Education (KDE), said there are four key reasons why the Council on Postsecondary

Education (CPE), KDE, and the Kentucky Higher Education Assistance Authority (KHEAA) came together to address how dual credit was being offered across the Commonwealth. The first reason was to increase access to dual credit courses across the state. The second reason was to promote quality and rigor in the courses offered regardless of the postsecondary institution providing the course. The third reason was to ensure transferability of dual credit among postsecondary institutions. The fourth and final reason was to make sure dual credit remains affordable to all eligible Kentucky students and is cost effective for educational partners.

Dr. Holliday spoke about accessibility and said participating postsecondary institutions will provide to all eligible secondary students at least three courses in general education and three career and technical (CTE) courses. Also, K-12 and postsecondary institutions will increase outreach to all secondary students and their families in order to promote college and career readiness along with degree and career pathway information.

Bob King, President, CPE, spoke about quality and rigor and said participating postsecondary institutions will provide an orientation program for all new secondary and postsecondary faculty teaching dual credit coursework. Also, those same postsecondary institutions will create capacity for more secondary teachers to be credentialed to teach dual credit courses and will be encouraged to pursue accreditation of concurrent enrollment programs through the National Alliance of Concurrent Enrollment Partnerships.

Mr. King spoke about transferability and said all general education courses offered for dual credit shall transfer to all participating postsecondary institutions in Kentucky according to the Kentucky CPE General Education Transfer Policy and Implementation Guidelines. All KCTCS technical courses offered for dual credit shall meet the requirements for a certificate, diploma, or associate degree within the related program of study. The use of dual credit rather than articulated credit is strongly encouraged by CPE and KDE in order for students to create a strong connection to colleges and universities and increase their ability to complete credentials and degree programs.

Carl Rollins, Executive Director, KHEAA, spoke about affordability and said the costs of delivering dual credit courses should be shared by a combination of state funding, postsecondary institutions, secondary districts, state-funded scholarships, and students and families so that no one entity is solely responsible for financing. Currently, dual credit tuition and implementation costs are primarily shouldered by postsecondary institutions. Some schools and school districts support costs for travel, books, and fees. Tuition and fees for dual credit courses will be provided in writing to each student and his/her parents.

Dr. Rollins said funding options for dual credit could include the expansion of the Mary Jo Young Scholarship Program which provides a limited number of scholarships to at-risk students enrolled in dual credit programs. Another option is a line-item appropriation that would provide

students across the Commonwealth the opportunity to participate in dual credit offerings on high school campuses, postsecondary campuses, and virtually. The appropriation could be a pro-rata allocation based on the number of eligible students participating in the academic year. The last option would allow part of the SEEK per-pupil guarantee to be expended to support eligible students taking an approved dual credit course for the purpose of covering tuition and fees.

In response to Representative Wilson Stone's question regarding the costs of dual credit courses, Dr. Rollins said it is appropriate for a student to know how much he/she is saving regarding dual credit courses.

In response to Senator David Givens's questions regarding the cost range of dual credit and online delivery, Dr. Holliday said he does not have the different cost range data with him, but would provide the data to the committee at a future date. Also, some institutions like Morehead State University offer online delivery for students across the Commonwealth.

In response to Senator David Givens's question regarding KEES money being used for dual credit, Dr. Rollins said KEES would be unable to recover money used for dual credit because actual usage is only 40 percent of KEES money earned by high school students, and KEES appropriations are based on the actual projected use, not the amounts earned while in high school. Dr. Rollins said that because of the importance of dual credit, it should have its own line-item funding and source.

In response to Senator David Givens's question regarding articulated credit, Mr. King said the model for articulated credit was developed for career and technical education, and CPE discourages the use of articulated credits.

In response to Representative Reginald Meeks's question regarding high school counselors encouragement of dual credit use for students, Dr. Holliday said the ideal time for counselors and students to discuss dual credit is tenth grade.

Representative Reginald Meeks said the Dual Credit Work Group should put more emphasis on transferability issues.

In response to Chairman Derrick Graham's question regarding Rank 1 requirements for teachers, Mr. King said Rank 1 requirements are not always content specific and a teacher's coursework does not always meet dual credit content accreditation requirements.

In response to Representative John Carney's question regarding private postsecondary institutions dual enrollment programs, Dr. Rollins and Mr. King said private postsecondary institutions are an important provider of dual credit, especially for high schools close to their campuses.

In response to Chairman Derrick Graham's question regarding line-item funding for dual credit, Dr. Holliday said the funding would need to start at \$4 million.

Fast Pitch Softball Safety Proposal

Representative Jeff Greer said fast pitch softball safety has become a major concern in the Commonwealth, especially for the pitchers, third

basemen, and first basemen. He plans to introduce legislation in the 2015 General Assembly that requires pitchers, third basemen, and first basemen to wear a protective facemask while playing fast pitch softball.

Mike Harreld, Head Softball Coach, Meade County High School, said he has a growing concern for the safety of pitchers, third basemen, and first basemen that play fast pitch softball. He believes there should be legislation that requires these position players to wear a protective facemask while competing on the playing field.

In response to Senator Jimmy Higdon's question regarding current rules and regulations for the protective facemask, Julian Tackett, Commissioner, KHSAA, said there are no current regulations regarding players wearing protective facemasks. KHSAA regulations go through a lengthy rulemaking process, and legislation would help speed the process up.

In response to Representative Hubert Collins's question regarding statistics of pitchers being hit in the face by a softball, Mr. Tackett said he would provide those statistics to the committee at a later date.

Representative Hubert Collins said the KHSAA board should make the decisions and rules regarding players wearing a protective facemask while playing fast pitch softball. There should not be legislation on this issue because statutory requirements are more difficult to reverse.

In response to Senator Jared Carpenter's question regarding current fast pitch softball players not wearing a protective facemask, Mr. Harreld said that for most players that have never worn a protective facemask, it takes time to become accustomed to it. Most players have played their entire careers without using a protective facemask.

In response to Representative Jody Richard's question regarding what this particular legislation would do, Representative Greer said it would require all pitchers, third basemen, and first basemen to wear a protective facemask while competing in fast pitch softball games.

Unbridled Learning Assessments and Accountability Results

Dr. Holliday said the percent of students in Kentucky that are college and career ready increased from 38 percent in 2011 to 62.3 percent in 2014. Also, Kentucky's high school graduation rate increased from 86.1 percent in 2013 to 87.4 percent in 2014. Proficiency rates in grades three through eight increased from 44 percent in 2012 to 50.5 percent in 2014. In 2013, kindergarten readiness was at 49 percent and only increased to 50 percent in 2014. Also, third grade reading and math proficiency in Kentucky was at 46.1 percent in 2012 and increased to 50 percent in 2014.

Ken Draut, Associate Commissioner, Office of Assessment and Accountability, KDE, said the combined reading and math achievement gap improved from 33 percent in 2012 to 38.1 percent in 2014. Dr. Draught also reported on disaggregated reading and mathematics data among gap groups by ethnicity, gender, and poverty. That specific data is

located in the meeting folder at the LRC Library.

In response to Chairman Derrick Graham's question regarding gap groups and end-of-course exam and ACT data, Dr. Holliday said KDE could provide the end-of-course exam and ACT data broken down by gap groups.

Representative Reginald Meeks spoke about the different gap groups and said KDE should provide more data regarding each gap group.

In response to Representative Wilson Stone's question regarding the percent of students in Kentucky who have reached college and career readiness, Dr. Holliday said in some high schools across the Commonwealth, only 30 percent of students are college and career ready while at other high schools, 100 percent are college and career ready.

Senator David Givens said he would like for KDE to come before the Interim Joint Committee on Education in the spring and present more information regarding the program review process and recent significant improvements in the program review results.

In response to Representative Addia Wuchner's question regarding the decline in math scores, Dr. Holliday said many factors are at play including teacher preparation, content knowledge, and increased student standards.

Representative John Carney said it is important for Kentucky to improve on kindergarten through grade three education.

Chairman Derrick Graham said best practices for teachers should be more rigorous to help close the achievement gaps with minorities.

In response to Representative Rita Smart's question regarding how the kindergarten readiness assessment tracks if a child was in an organized child care facility, Dr. Holliday said the child's parent completes a questionnaire that asks about the child's pre-school provider.

Chairman Derrick Graham said it is important for the General Assembly to prioritize money for early childhood education.

Representative James Kay thanked KSU for hosting the Interim Joint Committee on Education and commended President Raymond Burse for the great things he is doing for the university.

With no further business before the committee, the meeting was adjourned at 3:06 p.m.

TOBACCO SETTLEMENT AGREEMENT FUND OVERSIGHT COMMITTEE

Minutes

November 5, 2014

Call to Order and Roll Call

The meeting of the Tobacco Settlement Agreement Fund Oversight Committee was held on Wednesday, November 5, 2014, at 10:00 AM, in Room 129 of the Capitol Annex. Representative Wilson Stone, 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 Whitney Westerfield; Representatives Mike Denham, Tom McKee, Terry Mills, and Ryan Quarles.

Guests: Mr. Joel Neaveill, Mr. Bill McCloskey, Mr. Brian Murphy, Ms. Angela Blank, and Ms. Beth Herbert, Governor's Office of Agricultural Policy; Mr. Van Ingram, Ms. Heather Wainscott, and Ms. Amy Andrews, Kentucky Agency for Substance Abuse Policy.

LRC Staff: Lowell Atchley, Kelly Ludwig, and Kelly Blevins.

The October 1, 2014, minutes were approved, without objection by voice vote, upon a motion by Senator Higdon and second by Co-Chair Hornback.

Governor's Office of Agricultural Policy

Mr. Joel Neaveill, Chief of Staff, Governor's Office of Agricultural Policy (GOAP), summarized the Agricultural Development Board's (ADB) funding decisions made during the board's October meeting.

Mr. Neaveill summarized the funding approvals by the board at the previous month's meeting under the County Agricultural Improvement, Deceased Farm Animal Removal, and Shared-use Equipment programs.

Mr. McCloskey reviewed the board's funding approvals for three county projects: Family Fields iMarket LLC, \$23,149 in county funds to expand and renovate an existing retail outlet in Springfield; Washington County Board of Education, \$35,000 in county funds to fund partially the construction of a high school greenhouse; and Taylor County Cattlemen's Association, \$7,500 in county funds for a youth beef and dairy cattle program.

GOAP officials responded to questions and comments from Senators Hornback, Parrett, and Higdon, and Representative Mills, on the Family Fields iMarket project. The Family Fields iMarket opened its facility and began buying farmers' products after a local open-air farmers' market closed in 2013. The Family Fields Market will buy local farmers' products wholesale and sell those products at a retail establishment and cafe. The market also will be opening a certified kitchen, which producers can rent to use.

Mr. Neaveill discussed the ADB and Agricultural Finance Corporation dual meetings at Owensboro in October. The board discussed proceeding with a study, similar to one done in 2008, that would assess the economic impact of tobacco settlement fund grants made in the years 2007-2014. The board, in its November 21 meeting, will receive funding requests from the larger agriculture promotion groups that have received funding in the past – Kentucky Proud, the Kentucky Beef Network, Kentucky Dairy Development Council, and Kentucky Horticulture Council.

Responding to Co-Chair Stone, Mr. Neaveill said GOAP will evaluate the status and available funding levels of yearly programs such as the On-Farm Energy Program.

In a response to Senator Gibson, Mr. Neaveill explained that the board and Agricultural Finance Corporation board in the past awarded tobacco funds to the former Large Scale Biology, now known as

Kentucky BioProcessing, which gained national prominence recently because of its Ebola medicine, ZMapp, developed from tobacco plants. That type of funding would be unlikely now because of the limited impact on farmers due to the production methods and type of tobacco used.

Kentucky Agency for Substance Abuse Policy

Mr. Van Ingram, Executive Director, and Ms. Heather Wainscott, Branch Manager, Office of Drug Control Policy, and Ms. Amy Andrews, Kentucky Agency for Substance Abuse Policy (KY-ASAP) reported on KY-ASAP's tobacco and drug control programs that were funded with tobacco settlement moneys.

Mr. Ingram described the impact of 2012 and 2013 legislation designed to address Kentucky's drug problem. He noted the results of a survey that pointed to a decline in prescription drug use by teenagers. He described another program to maintain prescription drug disposal sites in the state, which now number over 173. Mr. Ingram said that 2012 legislation resulted in a decline in meth labs, but the state has experienced an increase in heroin usage.

Mr. Ingram explained the impact of the budget reduction in FY 2015 and FY 2016 during a time when the number of local ASAP programs has grown and more counties are establishing programs. A restoration of funding would be meaningful to local boards.

Representative Denham mentioned his longtime acquaintance with Mr. Ingram. He discussed the problem in his area of heroin addiction and cited the impact of programs to reduce prescription drug abuse.

Responding to Senator Higdon, Mr. Ingram indicated that, in many counties, faith-based groups take the lead in sponsoring local KY-ASAP programs.

In a response to Representative Mills, Ms. Andrews discussed a program in Carter County aimed at educating young employees about remaining drug-free in the workplace. The program works with companies offering employment opportunities. According to Ms. Wainscott, local boards are urged to share ideas for programs, such as the one in Carter County. Co-Chair Stone indicated that programs like that help communities that are attempting to lure industries.

Responding to Representative McKee, Mr. Ingram said companies have their own drug screening policies. Some companies have zero tolerance drug policies and some do not.

Documents distributed during the committee meeting are available with meeting materials in the LRC Library. There being no further business, the meeting was adjourned.

PUBLIC PENSION OVERSIGHT BOARD

Minutes

October 21, 2014

Call to Order and Roll Call

The meeting of the Public Pension Oversight Board was held on Tuesday, October 21, 2014,

at 1:00 PM, in Room 149 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; Senator Jimmy Higdon; Representative Brian Linder; Tom Bennett, Jane Driskell, James M. “Mac” Jefferson, and Sharon Mattingly.

Guests: Brent Sweger, Kentucky Transportation Employee Association, Senator Julian Carroll, and guest speakers, among others.

LRC Staff: Brad Gross, Greg Woosley, and Marlene Rutherford.

Approval of Minutes

Co-Chair Yonts moved that the Minutes of September 25, 2014, be approved, which was seconded by Representative Linder. The minutes were approved without objection.

Co-Chair Bowen said the board will re-visit the meeting schedule at the end of the meeting because there has not been a consistent meeting date in recent months due to attempts to accommodate members’ schedules.

Kentucky Retirement Systems Investment Update

David Peden, Chief Investment Officer, discussed investment performance. The September performance is still in the unaudited stage, which is why the board was not provided a copy. In the first quarter performance from July 1 through September 30, most of the markets, especially the equity markets, were down, with total fund performance for the quarter being a negative 1.41 percent, which was less than the benchmark performance of 82 basis points or 0.82 percent. The equity markets have been negative since the beginning of the fiscal year. Over this period, the KRS U.S. public equity position was down 87 basis points, while the benchmark was flat. Non-U.S. equity was down 5.44 percent, which was in line with its benchmark. Emerging market equity was down 3.7 percent, and all those positions together resulted in a total public equity performance of negative 3.1 percent. Fixed income was also negative for the fiscal year to date, resulting in a negative return of 87 basis points, or 0.87 percent, and the benchmark performance was flat. The difference is a result of KRS having more non-investment grade exposure than what is in the benchmark.

The other component of the fixed income benchmark is interest rate sensitive assets. The assets and strategies sensitive to inflation, or the real return exposure, were down fiscal year to date 1.62 percent, which was slightly less than the benchmark. Absolute return, or hedge funds, was up 74 basis points for the fiscal year to date, real estate was up 2.03 percent, and private equity was up 1.49 percent. He said it has been a challenging start for the fiscal year. October has not helped performance either, with returns slightly worse. The portfolio was down three percent as of the close of business the day before the meeting. This performance picture is not unique to KRS, but rather is market driven. The equity markets have become increasingly volatile since the September meeting.

Responding to questions by Co-Chair Yonts concerning whether the downturn in the economy is related to the shortfall in the European economy and other factors around the world, Mr. Peden said all of these factors affect the market, so that the non-U.S. equity exposure is affected by what is occurring in Europe. However, the U. S. equity exposure is being affected, and it appears that fears over the Ebola epidemic were the tipping point. Mr. Peden did not believe that the Ebola situation directly attributed to the downturn, but the uncertainty of what could occur or the fear of a major outbreak caused some market fluctuations.

In response to a question concerning losses of peers compared to KRS during the downturn, Mr. Peden stated it depends on how much non-U.S. equity exposure peers, such as the Kentucky Teachers’ Retirement System, have because that market has not performed well, and actually worse than, U. S. equities. To the extent that KTRS has a majority of its public equity exposure in U. S. equities and despite having more than KRS, its relatively small exposure to non-U.S. equities may equalize the gap because of what has occurred in the rest of the world. If each entity had only U. S. equity then KRS would have done better than KTRS, but Mr. Peden could not give a definitive response because he did not know the level of KTRS’s non-U.S. equity exposure. Mr. Thielen said that the best returns KRS has seen in the first quarter are from the absolute return asset class, which has helped balance the negative returns in the domestic equity and international equity markets.

Kentucky Retirement Systems Update on 2015 Retiree Health Plan

Bill Thielen, Executive Director of the Kentucky Retirement Systems, provided an overview of the 2015 retiree health plan. KRS is in the open enrollment period for both the under sixty-five non-Medicare eligible members and the Medicare eligible members that are over sixty-five or disabled. For Medicare eligible members in 2015, KRS will continue the Humana provided Medicare Advantage plans. There is a premium plan, an essential plan, and a medical only plan for those who receive prescription drug coverage through another provider or they do not need that coverage. The current premium plan per member, per month cost is \$212.39, and in 2015 the cost will increase fifteen percent to \$244.25. The essential plan per member, per month cost now is \$67.62 and will increase to \$77.76 in 2015. There were three factors that caused the increase in costs. One principal factor was the pipeline of drugs being introduced into the market to treat diseases such as hepatitis C or cancer that are very costly. Another factor contributing to the increased cost is the lower net government reimbursements to the Medicare Advantage plans. Mr. Thielen said the other main factor is increased claims costs. KRS is in the third year of the Humana provided fully-insured Medicare eligible program, whereas before it was a self-insured program, and while the costs were projected at the beginning of the program there are now two full years of costs known that have exceeded what was anticipated. The under sixty-five members are insured through

the Kentucky Employees’ Health Plan, and the KRS Board selected the Living Will Consumer Driven Health Plan as the plan for which KRS would pay the premium. In 2014, the premium was about \$698 per month and will increase to \$708 per month in 2015. This plan is closest to the actuarial equivalent plan to the 1994 Kentucky Care Standard. The contract with Humana will expire in 2015, and KRS will request an RFP in early 2015 for the plan year 2016 and thereafter. The KRS Board has already approved issuing that RFP.

In response to questions by Co-Chair Bowen about the recent departures of investment personnel and what is being done to address the vacancies, Mr. Thielen indicated that the employees left for different reasons. He said that one employee resigned and was moving out-of-state because his wife would be attending law school, and that one employee was offered better pay and resigned to take that offer, which is a challenge for KRS to retain highly-skilled individuals. He said an investment analyst position has been filled, and that KRS has posted two director positions and is taking applications and that he anticipates hiring for those positions in the near future. Mr. Peden noted it was an unfortunate coincidence that the resignations occurred at the same time, which has placed some stress on the remaining members, but that it is not a pattern. KRS positions are often filled within the regional market, but KRS does not limit itself and does post employment notices in Insurance and Investments online, a national outlet.

Responding to a question by Co-Chair Bowen concerning discussions by the KRS Board relative to the retiree health plans for 2015, particularly for the over sixty-five members, Mr. Thielen said the board did discuss whether to increase the deductibles for the medical and hospital costs and what impact that would have on rates and increasing the maximum out-of-pocket costs to members. Ultimately, the KRS Board decided not to increase the deductibles at this time, but will continue to look at possible changes in the plans going forward, and he noted that the impact on retirees compared to the minor difference it made in rates led to the choice not to make the changes.

Co-Chair Bowen inquired whether the 2015 health plan changes would result in an experience above or below the assumptions by the actuaries and the impact on the funding requirements. Mr. Thielen said that an actuarial analysis would have to be done after 2015 and that the actuaries did look at 2012-2013 and 2013-2014 and there were some actuarial gains and some losses relating to the various health plans during those years. For example, in 2014, the medical only plan showed an actuarial gain, as did the Capital Choice Living Well PPO plan, but two other plans showed actuarial losses. The assumptions are set based on what the actuary thinks will happen, but only after the experience can it be seen if the assumptions were met or not, and for 2015 it is unknown what the impact will be.

Responding to Co-Chair Bowen concerning the additional increase in pay provided to KRS employees over those awarded for regular state employees in the budget, Mr. Thielen said that

in 2002 the Legislature separated the Kentucky Retirement Systems personnel plan from KRS Chapter 18A, the state's personnel pay plan. The KRS operates with a separate personnel plan, although it is similar to the state plan, and KRS has for the last several years followed the state's plan for salary increases. However, this year the KRS Board was given the option of granting an additional one or two percent to KRS employees based on the KRS pay for performance system, in place of time off that was extended to state employees, and that this amounted to about \$102,000. The board took into account that when additional time off is granted there is a liability in that it increases overtime costs, and the board felt it was more beneficial to those employees who had exceeded standards in the performance system to receive an additional one percent increase in pay. Mr. Thielen stated that the matter was discussed before the Human Resources Committee, which is comprised of five board members, and then the issue was taken to, and voted on by, the full board.

In response to Senator Higdon as to where the funds came from for the additional increases, Mr. Thielen stated that the KRS administrative budget comes from the trusts and is shared by the health insurance trust and the pension trust – coming initially out of the pension trust but some is reimbursed by the health insurance trust depending upon the allocation – and any funds not spent are returned to the trusts at the end of each fiscal year.

Testimony from Employee, Employer, and Retiree Groups

J. D. Chaney, Deputy Executive Director of the Kentucky League of Cities, and Bryanna Carroll, Kentucky League of Cities Advocacy Manager, highlighted issues of concern to cities relating to pension reform in the CERS. Mr. Chaney said that KLC has advocated strongly for pension reform over the last several years leading up to Senate Bill 2, enacted in the 2013 Regular Session. City officials supported Senate Bill 2 and the pension reforms in it because the bill embraced many of the policy objectives cities viewed as important such as: limitations on investment risks for employers and the taxpayers; addressing the issue of unfunded COLAs; and providing immediate short-term rate relief to cities. Employer contribution rates prior to Senate Bill 2, which were at 25.88 percent, will decrease by the year 2032 to 13.32 percent after the passage of Senate Bill 2, which makes it much more affordable for cities and if the projections hold true, city governments will save about \$1.5 billion over that period. Pension issues and policy adjustments will always be needed, and the creation of the Public Pension Oversight Board and the inclusion of less restrictive inviolable contract language applying to employees covered under the hybrid cash balance plan, or those employees hired after January 1, 2014, which is an important provision of Senate Bill 2. He said that over the next several years KLC would probably be looking to distinguish CERS from KERS because CERS is on a different financial footing than KERS. The immediate need is dealing with clarification in the anti-spiking provision of Senate Bill 2, and therefore in 2015 cities are

focused on getting the spiking provisions clarified.

Ms. Carroll stated that KLC was supportive of Senate Bill 2, but subsequent to passage of the bill some cities have had issues with spiking and the manner in which the anti-spiking provisions are being implemented. She explained that when an employee's creditable compensation increases greater than ten percent over the last five years of employment, the last employer receives a bill for that increased actuarial cost. One difficult issue with how the process works has simply been educating member city employers and employees of what is meant by creditable compensation and salary increases in the context of Senate Bill 2. 2014 Regular Session Senate Bill 142 attempted to address the spiking issue, but the bill ran into problems with certain employee groups such as the Transportation Cabinet employees. She said that she had met with the groups and had good discussions, and that they understood KLC's goals were not to end overtime for employees but rather to fix situations where spiked salaries were being triggered in the last five years of employment and were not due to abuse. Senate Bill 142 allows an employee to increase compensation up to ten percent, but any amounts over that level would not count toward creditable compensation unless the increase was caused by certain excepted reasons, such as where agencies except grants that require overtime work, authorized sick leave without pay, unpaid maternity leave, or workers compensation. She said another issue that developed when the bill was considered was with the legislative and judicial retirement plans, and that KLC has worked with a representative of those systems to develop suitable language. It is not the goal of KLC to place a burden on employees to not receive the hours that are needed to do the work by the employer, but to deal with the circumstances that have led to abuse of spiked pensions. She indicated that a meeting has been scheduled with various supporters of Senate Bill 142. Ultimately the bill was widely supported, but there was a problem with the Transportation Cabinet employees because of emergency situations that cause required overtime work and increased compensation levels.

Responding to a question by Co-Chair Yonts concerning the spiking issue and adjusting the spike from ten to fifteen percent, Ms. Carroll indicated that KLC was given limited parameters for solving the spiking issue because the Senate did not want to roll back Senate Bill 2. Co-Chair Yonts indicated that the fifteen percent may be a middle ground to resolve the issue without shifting the burden to the employee. Mr. Chaney, for clarification, stated that a bill was received by a city that was of a substantial amount, and that the situation was where the city had implemented a civil service system and a mayor had permitted an assistant chief of police to work that job and also at the same time perform electrical inspections, and the overtime that accrued for a year was exorbitant. Mr. Chaney indicated that the elected mayor and council attempted to address the situation, but that situations occasionally occur, especially with police and fire personnel where work hours are statutorily defined and is out of the

control of elected officials. Co-Chair Yonts asked for suggestions to change laws to limit such collusion of city officials.

Shellie Hampton, representing the Kentucky Association of Counties (KaCo), discussed concerns of KaCo. She noted that retirement payments have surpassed jail payments out of the general fund in some counties, and therefore the largest issue is the actuarially required contribution (ARC) level. Because the ARC level is vital to all of the member counties, KaCo continues to monitor how the issue will be dealt with in the budgeting process. KaCo is also concerned about the Seven Counties Services bankruptcy proceedings, and that the \$90 million share of unfunded liability attributed to SCS that cities and counties may have to pay is certainly an issue. She said there is definitely discussion within KaCo and with its members about the differences between CERS and KERS and whether KaCo wants to actively pursue any steps toward different governing structures for the two systems.

In response to a question by Representative Linder concerning hazardous duty pay and the hazardous duty employer rates before the passage of Senate Bill 2 (57.81 percent) and after the passage of Senate Bill 2 (dropping to 29.15 percent by the year 2030), and whether there was any concern by counties and discussion of eliminating that type of pay for sheriff's deputies for future hires, Ms. Hampton said that this had not been mentioned by the counties.

Jim Carroll spoke on behalf of the Kentucky Government Retirees. Mr. Carroll is the co-founder of a Facebook organization that represents more than 4,000 stakeholders in the KRS. Mr. Carroll discussed the cash crisis facing the KERS non-hazardous fund and requested the PPOB make recommendations to the 2015 General Assembly to alleviate the problem. The fund is facing a threat of insolvency because it has lost half of its value since 2008, from approximately \$5 billion to \$2.5 billion, while continuing to pay out about \$915 million in annual benefits. He said he and his organization understand that all pension plans suffered substantial losses during the downturn in the market in 2008 and 2009, with KERS losing more than \$700 million and \$1.4 billion respectively, but that the major concern is that over the past three years the fund, while exceeding its assumed rate of return, has lost \$952 million, which indicates that a positive market performance has become disconnected from asset growth. He acknowledged that although the full employer contribution will be made for the next two years, which adds roughly \$220 million in additional funds each year, that this is still not enough in the short term to reverse the trend and turn losses into the substantial gains needed to reverse the funding status of the plans. The system needs more assets. Some people argue a fee restructuring in state government could help if this led to increased revenue that could be used to finance a pension obligation bond. Whatever the solution, action needs to be taken soon to keep the system from becoming insolvent and that the passage of time only makes solving the problems more difficult. Mr. Carroll proposed that the PPOB form a subcommittee to

examine pension funding solutions over the next couple of months so that the board could adopt recommendations for the upcoming 2015 session, and that stakeholders would be happy to be a part of that process.

Co-Chair Bowen thanked Mr. Carroll for attending and making retirees' voices heard and highlighting the challenges the state and PPOB is facing. He noted that this is a very challenging subject for all states, as reflected in recent discussions he had with legislative leaders at a conference for the legislatures of the states in the southeastern United States.

The Fraternal Order of Police also expressed concern relating to retirement. Mr. Dave Mutchler, President of the FOP Lodge 614 and Sheriff John Aubrey, Jefferson County Sheriff were identified as stakeholders to discuss the FOP concerns relating to pensions. However, because of an unexpected death of a fellow member that did not allow those representatives to attend the meeting, Mr. Bill Burch, Jefferson County Sheriff's Department and a representative for the State FOP in Frankfort, was in attendance and brought to the PPOB's attention three areas of concern for police officers that the FOP would like to see addressed. First, FOP has some concerns with the prohibitions relating to pre-existing employment agreements and the impact it has on an employed deputy or police officer that is eligible to retire but is not permitted to approach a potential new employer prior to retiring without violating the prohibitions. Second, there is concern over the requirement that a retiree has to have participated in the Kentucky Law Enforcement Foundation Program Fund (KLEPF) before being hired under the provisions of House Bill 364. Individuals have been identified who retired before sheriffs were eligible for the KLEPF, and this requirement would mandate new training for those individuals. The third concern is that, after retiring and before a person can accept another peace officer position, the retiree cannot be re-employed for at least one month following retirement, if in a hazardous position, or at least three months, if in a non-hazardous position. Under the current rules, there are no penalties or costs to the employer, employee, or retirement system, but some labor contracts require a vacancy to be filled in a period less than ninety days, which can make these individuals not be eligible for those jobs. FOP would work with the PPOB to find mutually agreeable solutions to these concerns.

Mr. Bill Londrigan, who had been identified to speak on behalf of the Kentucky AFL-CIO, was not able to attend the meeting.

Mr. T.J. Gilpin, representing the Kentucky Association of Transportation Employees and the Kentucky Association of Transportation Engineers, discussed the concerns of those groups. Mr. Gilpin is the President of the Kentucky Association of Transportation Employees and is a member of the Kentucky Association of Transportation Engineers. These organizations represent over 2,300 members of the Transportation Cabinet. The groups are concerned with Senate Bill 142, introduced in the 2014 Regular Session, and he said that the

transportation groups had met with the Kentucky League of Cities for the purpose of discussing their opposition to the bill. The groups have two major concerns with the bill. The first is that the bill as previously drafted would move the obligation for the cost from the employer to the employee in that it would reduce future retirement benefits by removing legitimate overtime pay for hours worked during emergencies, such as with snow and ice removal or inspecting roadways of on-going projects. The second concern is that the bill may violate the inviolable contract as provided in KRS 61.692, but that the groups will continue to research and determine what affects Senate Bill 142 will have on the employees and continue to work with the KLC to work on a mutual agreement.

Co-Chair Bowen encouraged Mr. Gilpin to continue conversations with his groups and KLC and that hopefully these concerns can be addressed to the satisfaction of all concerned.

Paul Guffey and Shirley Clark, representing the Kentucky Public Retirees, also addressed the board. Ms. Clark is the State Legislative Chair of the Kentucky Public Retirees, and Mr. Guffey is the President of the organization. Ms. Clark indicated that the organization has fifteen chapters throughout the state and includes retired state employees, and retired state police and city and county members. These retirees are concerned with the stability and solvency of the KRS and want to ensure it continues to be fully funded. Retirees have not received a cost of living adjustment in four years and hope that the General Assembly will pre-fund a COLA for retirees in 2016. The organization had reviewed the bills that were discussed at the September PPOB meeting and decided to take a neutral position on those bills that did not directly affect retired members. The organization supports House Bill 323 that included the judicial, legislative, and teachers' retirement systems to the oversight by the PPOB, and the removal of the prohibition on employee or retired members serving in appointed positions of the committee, and will support those provisions in 2015. She said the organization also supported House Bill 324, the KRS housekeeping bill with the House floor amendment that was added, and that the organization will support the bill with the amendment in 2015. The House floor amendment addressed the concern of the organization over the imbalance on the KRS Board, and it would allow equal representation on the board by allowing a vacancy that might occur of an elected member to be filled only by the elected members of the KRS Board, not the full board. The organization hopes that this amendment would be included in the proposed bill for the 2015 session.

Co-Chair Bowen thanked all the groups for taking their time to appear before the PPOB and for sharing their perspectives on the challenging issues facing the pension systems.

General Discussion on Legislative Proposals

Co-Chair Bowen indicated that at the November meeting the PPOB would be discussing and voting on recommendations to be included in the annual report for consideration by the 2015 General Assembly. He asked members to

make suggestions that they felt were important to be included in the annual report and should be discussed at the meeting. He indicated the board may also discuss the cash flow concerns and options for addressing that issue.

At the December meeting the board will be reviewing end-of-year financials of the KRS Board and the actuarial data and will develop a work plan for 2015.

Co-Chair Yonts asked board members and others desiring to submit suggestions for consideration to do so by submitting them to LRC staff well in advance of the November meeting so that all topics can be listed in order to facilitate the discussion.

Other Discussion

Co-Chair Bowen advised that, after talking with Co-Chair Yonts, the PPOB will return to its regular monthly meeting date of the fourth Monday of each month and that the November monthly meeting will be held on that date. However, the December meeting will be held on the third Monday because the regular meeting is during the week of the Christmas holiday.

Ms. Mattingly asked Mr. Peden to provide the first quarter investment update as soon as it is available.

Co-Chair Bowen encouraged Mr. Thielen and Mr. Peden to make the necessary plans in scheduling activities of the KRS to keep with the PPOB's meeting dates discussed during the meeting.

There being no further discussion, the meeting adjourned at about 2:20 p.m.

GOVERNMENT CONTRACT REVIEW COMMITTEE

Committee Minutes

November 10, 2014

Call to Order and Roll Call

The Government Contract Review Committee met on Monday, November 10, 2014, at 10:00 AM, in Room 149 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; Representatives Jesse Crenshaw, Brad Montell, and Brent Yonts.

Guests: Gloria McCall, Jennifer Miracle, Mike Denney, TH Morris, Gary Ruskowski, Jennifer Baker, Tom Stratton, Jason Radford, Donna Tackett, Tim Hubbard, Shawn Cecil.

LRC Staff: Kim Eisner, Daniel Carter, and Jennifer Wilson.

A motion was made by Representative Yonts to approve Minutes of the September 2014, meeting of the committee. Senator Carroll seconded the motion, which passed without objection.

A motion 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. Senator Carroll seconded the motion, which passed

without objection.

A motion 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. Senator Carroll 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. Senator Carroll seconded the motion, which passed without objection.

A motion 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. Senator Carroll seconded the motion, which passed without objection.

A motion was made by Representative Yonts to consider as reviewed the Addition List. Senator Carroll seconded the motion, which passed without objection.

A motion was made by Representative Yonts to consider as reviewed the Correction List. Senator Carroll seconded the motion, which passed without objection.

THE FOLLOWING PERSONAL SERVICE CONTRACTS WERE

REVIEWED WITHOUT OBJECTION:

ACCOUNTANCY, BOARD OF:

Strothman and Company, PSC, 1500000784.

AUDITOR OF PUBLIC ACCOUNTS,

OFFICE OF THE:

Ray, Foley, Hensley & Company, PLLC, 1500000776; Ray, Foley, Hensley & Company, PLLC, 1500000789.

DEPARTMENT FOR PUBLIC HEALTH:

Heartland Cares, Inc., 1500000419.

EDUCATIONAL TELEVISION,

KENTUCKY:

Mary Henson, 1500000769.

FINANCE AND ADMINISTRATION

CABINET:

Anthem Blue Cross Blue Shield, 1500000038.

FINANCE AND ADMINISTRATION

CABINET - DIVISION OF ENGINEERING:

EOP Architects, PSC, 1500000584; Murphy & Graves & Trimble, PLLC, 1500000604; AMEC Environment & Infrastructure, Inc., 1500000606; Clotfelter Samokar, PSC, 1500000669.

HIGHER EDUCATION ASSISTANCE

AUTHORITY, KENTUCKY:

Intuition College Savings Solutions, 1500000780.

MILITARY AFFAIRS, DEPARTMENT OF:

Robert D. Cooley, 1500000792; Management Registry, Inc., 1500000804.

MOREHEAD STATE UNIVERSITY:

Interspace Limited, LLC, 15-052.

NORTHERN KENTUCKY UNIVERSITY:

Gary W. Ozanich, S744-15.

POST SECONDARY EDUCATION,

COUNCIL ON:

National Institute for School Leadership (NISL), 1500000162.

STATE POLICE, DEPARTMENT OF:

James Don Trosper, 1500000758; Kelley Farris, 1500000759; Harry J. Sowders, 1500000760; Timothy W. Mullins, 1500000761; Steven K. Owen, 1500000762; Johnny P. Begley, 1500000763; Billy P. Hall, 1500000764; Ricki L. Allen, 1500000765; Steven Todd Maggard, 1500000766; Trevor Scott, 1500000767.

TRANSPORTATION CABINET:

J M Crawford and Associates, Inc., 1500000907.

UNIVERSITY OF KENTUCKY:

Luckett & Farley, A151130; HGA Architects & Engineers, LLC, A151140; Aspire HR, Inc., K15-206; HR Focal Point, LLC, K15-207; ROC Americas, Inc., K15-208; LuAnn S. Phillips, K15-209; Witt / Kieffer, K15-210; Parker Executive Search, K15-211; Dell Marketing, LP, K15-212.

UNIVERSITY OF LOUISVILLE:

Marleeta Harris, 15-093; Advances in Education, 15-099; Strothman and Company, 15-105.

WORKER'S COMPENSATION FUNDING COMMISSION:

Actuarial and Technical Solutions, Inc., 1500000773

THE FOLLOWING PERSONAL SERVICE AMENDMENTS WERE

REVIEWED WITHOUT OBJECTION:

CRIMINAL JUSTICE TRAINING,

DEPARTMENT OF:

Dean Kisling, 1400001654.

DEPARTMENT FOR MEDICAID

SERVICES:

PriceWaterhouseCoopers, 1400003780.

DEPARTMENT FOR PUBLIC HEALTH:

Crown Services, Inc., 1400001199.

FINANCE AND ADMINISTRATION

CABINET:

Multi, 1400003224.

FINANCE AND ADMINISTRATION

CABINET - DIVISION OF ENGINEERING:

Third Rock Consultants, LLC, 0900013200; EOP Architects, PSC, 1100002570; Omni Architects, C-05256615.

JUVENILE JUSTICE, DEPARTMENT OF:

Raymond F. Debolt, 1400003317; Paul L. Whalen, 1400003318; Patricia Ann Day, 1400003319; Jeffrey L. Eastham, 1400003320; Keith Hardison, 1400003321; Ruth H. Webb, 1400003322; Allen Law Office, 1400003323; Robert D. Monfort, 1400003324.

STATE POLICE, DEPARTMENT OF:

Ricki L. Allen, 1500000765; Trevor Scott, 1500000767.

TRANSPORTATION CABINET:

URS Corporation, 1100002324; Burgess and Niple, Inc., 1200000158; DLZ Kentucky Incorporated, 1200000786; HMB Professional Engineers, Inc., 1200001404; Stantec Consulting Services, Inc., 1200001635; HDR Engineering, Inc., 1200002612; Strand Associates, Inc., 1300000189; Strand Associates, Inc., 1300000192; Strand Associates, Inc., 1300000205; Vaughn & Melton Consulting Engineers (Kentucky), Inc., 1300000211; GRW Engineers Incorporated,

1300001196; Neel-Schaffer, Inc., 1300001307; HMB Professional Engineers, Inc., 1400001002; Parsons Brinckerhoff, Inc., 1400001352; GRW Engineers, Inc., C-01232797-1; Presnell Associates, Inc., C-99005358-4; Parsons Brinckerhoff, Inc., C-99110767-4.

UNIVERSITY OF LOUISVILLE:

Multi, 15-012.

WORKFORCE INVESTMENT, OFFICE OF:

Maher & Maher, 1500000103.

THE FOLLOWING MEMORANDA OF AGREEMENTS WERE

REVIEWED WITHOUT OBJECTION:

DEPARTMENT FOR NATURAL

RESOURCES:

University of Kentucky Research Foundation, 1500000507.

DEPARTMENT FOR PUBLIC HEALTH:

University of Kentucky Research Foundation, 1500000417; U of L Research Foundation, 1500000418; University of Kentucky Research Foundation, 1500000420.

EARLY CHILDHOOD ADVISORY

COUNCIL:

Kentucky Center for Education and Workforce Statistics, 1500000661.

EDUCATION, DEPARTMENT OF:

University of Louisville Research Foundation, 1500000086; Research Foundation of SUNY, 1500000526; University of Louisville Research Foundation, 1500000625; University of Kentucky Research Foundation, 1500000650.

INFRASTRUCTURE AUTHORITY:

Bluegrass Area Development District, 1500000479; City of Morganfield, 1500000771; City of Morganfield, 1500000772; Black Mountain Utility District, 1500000855.

MILITARY AFFAIRS, DEPARTMENT OF:

Multi, 1500000654; Central City Municipal Water and Sewer System, 1500000743; Cumberland City, 1500000756; Hopkinsville Surface & Storm Utility, 1500000801.

OFFICE OF THE GOVERNOR,

DEPARTMENT FOR LOCAL GOVERNMENT:

Leitchfield Utility, 1500000454; Knott County Fiscal Court, 1500000752; City of Henderson, 1500000753; Gateway Juvenile Diversion Project, Inc., 1500000770; City of Jenkins, 1500000779; Todd County Fiscal Court, 1500000781; City of Burgin, 1500000782; The Methodist Home of Kentucky, Inc., 1500000791; City of Lebanon, 1500000851; City of Hyden, 1500000891.

PARKS, DEPARTMENT OF:

Breaks Interstate Parks Commission, 1500000580.

THE FOLLOWING MEMORANDA OF AGREEMENT AMENDMENTS

WERE REVIEWED WITHOUT

OBJECTION:

ATTORNEY GENERAL, OFFICE OF THE:

Hope's Place Incorporated, 1400003485.

DEPARTMENT FOR COMMUNITY BASED

SERVICES:

Kentucky Association of Sexual Assault Programs, 1400001444; KCEOC Community Action Partnership, Inc., 1400001495.

DEPARTMENT FOR INCOME SUPPORT:
Eastern Kentucky University, 1400001601.
DEPARTMENT FOR PUBLIC HEALTH:
University of Kentucky Research Foundation,
1400002047.

EDUCATION, DEPARTMENT OF:
Madison County Board of Education,
1400002628; Kentucky Valley Education,
1400002778; University of Kentucky Research
Foundation, 1400003528; Barren County Board of
Education, 1500000066; Fleming County Board of
Education, 1500000068; Madisonville Community
College, 1500000073; Eastern Kentucky University,
1500000074; University of Kentucky Research
Foundation, 1500000409; University of Louisville
Research Foundation, 1500000475; Franklin County
Board of Education, 1500000599.

GOVERNORS OFFICE FOR
TECHNOLOGY:

Multi, 1400002563.

OFFICE OF THE GOVERNOR.

DEPARTMENT FOR LOCAL GOVERNMENT:
City of Loyall, 1300001276; Johnson County
Fiscal Court, 1400000964.

WORKFORCE INVESTMENT, OFFICE OF:
UK Research Foundation, 1400002419.

**THE FOLLOWING PERSONAL SERVICE
AMENDMENTS WERE
SELECTED FOR FURTHER REVIEW:**
**KENTUCKY COMMUNITY & TECHNICAL
COLLEGE SYSTEM:**

Attain f/k/a The Evans Consulting Group
Incorporated, 623. Dr. Gloria McCall and Jennifer
Miracle 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.

KENTUCKY LOTTERY CORPORATION:

Avnet Government Solutions, 15-14-038. Mike
Denney, TH Morris, and Gary Ruskowski 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.

**THE FOLLOWING MEMORANDA OF
AGREEMENTS WERE SELECTED FOR
FURTHER REVIEW:**

EDUCATION, DEPARTMENT OF:

Jefferson County Board of Education,
1500000624. Jennifer Baker and Tom Stratton
discussed the contract with the committee. A motion
was made by Representative Montell to consider
the contract as reviewed. Representative Crenshaw
seconded the motion, which passed.

EDUCATION, DEPARTMENT OF:

NKU Research Foundation, 1500000627; NKU
Research Foundation, 1500000628. Jennifer Baker
and Tom Stratton discussed the contracts with the
committee. A motion was made by Representative
Montell to consider the contracts as reviewed.
Representative Yonts seconded the motion, which
passed.

EDUCATION, DEPARTMENT OF:

Kentucky Valley Education, 1500000886.
Tom Stratton, Jason Radford, and Donna Tackett
discussed the contract with the committee. A motion

was made by Representative Yonts to consider the
contract as reviewed. Senator Carroll seconded the
motion, which passed.

**THE FOLLOWING MEMORANDA OF
AGREEMENT AMENDMENTS
WERE SELECTED FOR FURTHER
REVIEW:**

TRANSPORTATION CABINET:

University of Kentucky Research Foundation,
1400002533. A motion was made by Senator
Gregory to consider the contract as reviewed.
Representative Montell seconded the motion, which
passed.

**THE FOLLOWING MEMORANDUM
OF AGREEMENTS FOR \$50K AND UNDER
WERE SELECTED FOR FURTHER REVIEW:**
**DEPARTMENT FOR ENVIRONMENTAL
PROTECTION:**

Kentucky Natural Lands Trust, Inc.,
1500000740. Tim Hubbard and Shawn Cecil
discussed the contract with the committee. A motion
was made by Representative Montell to consider the
contract as reviewed. Representative Yonts seconded
the motion, which passed.

With no further business before the committee,
the meeting adjourned at 10:43 a.m.

PROGRAM REVIEW AND INVESTIGATIONS COMMITTEE Minutes

November 13, 2014

Call to Order and Roll Call

The 1st meeting of the Program Review and
Investigations Committee was held on Thursday,
November 13, 2014, at 10:00 AM, in Room 131
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, Perry B. Clark, Ernie Harris,
Jimmy Higdon, Dorsey Ridley, Dan “Malano”
Seum, and Whitney Westerfield; Representatives
Leslie Combs, Jim DeCesare, David Meade, Terry
Mills, Rick Rand, and Arnold Simpson.

Guests: William Summers V, Vice Chairman,
Jim King, Board Member, Louisville Arena
Authority; Dennis Petrullo, General Manager, KFC
Yum! Center; Clifford “Rip” Rippetoe, President of
the Kentucky State Fair Board (KSFB); Janet Lile,
Executive Director, Office of Enterprise Technology,
Commonwealth Office of Technology and Finance
and Administration Cabinet; Walt Gaffield,
Executive Director, Office of Administrative
Services, Personnel Cabinet.

LRC Staff: Greg Hager, Committee Staff
Administrator; Christopher Hall; Van Knowles; Jean
Ann Myatt; William Spears; Shane Stevens; Joel
Thomas; Kate Talley, Committee Assistant.

**Response to staff report Kentucky State Fair
Board.** [Presented at October 9 committee meeting]
Jim King, William Summers, and Dennis
Petrullo appeared before the committee. A handout

from the Louisville Arena Authority (LAA) was
distributed to committee members. Mr. King stated
that the KFC Yum! Center is a partnership of
Metro Louisville, the state, and the volunteer arena
board that has taken responsibility for its fiscal
management. The board has responsibility for the
repayment of \$350 million in bonds; the state has
no further risk. The initial state involvement in the
project was \$75 million to acquire the sight for
construction of the arena. Since then, an agreement
has been in place with 80/20 percent sharing of
revenue from the tax increment financing (TIF)
district surrounding the arena. TIF revenues received
thus far have been a fraction of what was initially
forecast. Metro government and city taxpayers
have covered the shortfall. Metro government has
a minimum \$6.5 million fixed payment annually,
with an agreement to backstop cash flow problems
with an additional \$3.3 dollars annually. For the past
three years, the city has had to pay its maximum
guarantee of \$9.8 dollars to allow LAA to make its
bond payments.

Most of the arena’s cash flow problems can be
traced to its initial management by the Kentucky
State Fair Board (KSFB) in 2010, 2011, and part
of 2012. Under management of KSFB, net losses
from operations were \$3 million. Under AEG’s
management in part of 2012 and 2013, net profits
were \$3 million. General administrative expenses
under management of KSFB were more than triple
the cost under AEG. One could argue that the arena
started out \$10 million under water under its original
management structure.

The Attorney General is looking into the legal
rights and responsibilities of all parties involved
with respect to the negative impact between the
KFC Yum! Center and KSFB. Mr. King read note
C of LAA’s 2013 audited financial statements that
explains the history and current status of LAA to
KSFB [page 7 of handout]. The main points are
that KSFB proposed to settle all debts for fees,
expenses, and negative impact reimbursement for
Freedom Hall for \$1.47 million in May 2013. KSFB
subsequently informed LAA that it did not intend
for the settlement to include the Freedom Hall
negative impact reimbursement, the value of which
KSFB claims is \$7.2 million. LAA made an initial
payment of \$100,000 against the \$1.47 million
settlement in October 2013. LAA’s position is that
the Freedom Hall reimbursement provisions of the
management agreement, adopted from the state
budget bill of 2006, expired with the termination of
the management agreement.

Those who voted for the bill assumed that
there would be a measurable shift of income from
Freedom Hall to the KFC Yum! Center when the
arena was built, but this has not occurred.

KSFB managed to lose money at both locations
from the 2010 opening of the KFC Yum! Center
until AEG took over in 2012. The KFC Yum!
Center lost \$3 million under KSFB management
and incurred \$9 million in general administrative
costs; much of it allocated from KSFB. With proper
fiscal management and gradually increasing TIF
revenues, the arena operation is profiting under
AEG management and Metro Louisville support at

its maximum level. Money for the next two bond payments is in the bank.

LAA and KSFB have a wonderful partnership. The Louisville Convention and Visitor's Bureau commissioned an independent economic study of the KFC Yum! Center last May. The results indicated a positive impact with \$500 million supporting 8,400 jobs and attendance averaging more than 50 percent from outside Jefferson County. The University of Louisville (UL) lease has been criticized, but the arena bonds could not have been sold otherwise. UL has been flexible with respect to other arena events. The request to downsize the arena TIF district was because it was so large that there was no approximate relationship between the arena and nearly 80 percent of the business included. Whiskey Row and Brown Forman's recent announcement of its new distilling operation would not have happened without the KFC Yum! Center. The arena has become a nationally recognized basketball arena chosen by the NCAA for the men's regional tournament. The center has been transformative to downtown Louisville and the state.

Clifford "Rip" Rippetoe appeared before the committee.

In response to a question from Representative DeCesare, Mr. King said that LAA collects 80 percent of TIF revenue within the KFC Yum! Center's TIF district.

In response to questions from Senator McDaniel, Mr. King confirmed that the profit shown on page 8 of the handout does not include TIF district revenue, debt payments, or depreciation. Interest payments are around \$19 million. Up to \$9.8 million falls to the taxpayers of Louisville. Advertising revenue not included in profit plus TIF revenue plus profit equals roughly \$22 million.

In response to a question from Senator McDaniel, Mr. King said there is a ceiling on how much arena revenue can grow. Mr. Petrullo said growth in arena revenue will come from sponsorships and naming rights. Profits from arena operations have stabilized. Heaven Hill recently increased the length of its sponsorship by 10 years.

In response to a question from Senator McDaniel, Mr. King said that less than \$10 million of the bond principal has been paid. No refinancing has been done.

In response to a question from Senator McDaniel, Mr. King explained that UL has a long-term lease that includes a revenue sharing arrangement. UL controls the suite revenues and is in charge of finding tenants for the suites. Mr. Petrullo said that UL pays \$4 million in rent; it is considered an anchor tenant.

In response to a question from Senator McDaniel, Mr. King explained that net negative reimbursement was part of the 2006 budget bill. When the operations management agreement was signed by KSFB and LAA, the provisions in the budget bill were incorporated by reference in the agreement and became contractual obligations. When the management agreement was terminated on June 30, 2012, the contractual relationship ended, as well as future reimbursements. The General Assembly anticipated that there would be a windfall

due to Freedom Hall from the KFC Yum! Center, but that did not happen. Even if there were to be payments, according to the cash flows in the bond documents, payments would not be payable until 25 years from now. LAA is awaiting the Attorney General's opinion on the matter.

Mr. Rippetoe said that KSFB and LAA have a great working relationship; KSFB has a contractual relationship with AEG supplying venue services for them. Receiving its direction from the Finance and Administration Cabinet, KSFB's position is that, based on the indentured documents and loan documents, the calculation of net negative impact still needs to be done.

In response to questions from Senator Seum, Mr. Petrullo confirmed that the 138 events referenced on page 11 of the handout correlate to the number of days of usage. Usage of the KFC Yum! Center is comparable to that of facilities in similarly sized markets.

In response to a question from Senator Seum regarding the ownership structure, Mr. King confirmed that the corporation alone is responsible for the debt. Insurance was purchased through a company called Assured to pay off the bonds in the event of default.

In response to a question from Senator Buford about specific problems with KSFB's management of the KFC Yum! Center, Mr. King referenced page 8 of the handout. The arena did not open until October 10, 2010, but incurred more than \$3 million in general administrative expenses under KSFB management in 2010. Mr. King questioned this and suggested that some cost shifting occurred.

In response to a question from Representative Meade, Mr. Rippetoe said that KSFB cannot survive without state appropriations since the UL basketball teams left. Aging facilities are among the ongoing problems.

Representative King stated that it is good to see both entities working well together to resolve issues.

Mr. King stated that LAA has conducted two audits of the UL lease.

Minutes for October 9, 2014

Upon motion by Senator Buford and second by Senator McDaniel, the minutes for the October 9, 2014, meeting were approved by voice vote, without objection.

Upon motion by Senator McDaniel and second by Senator Buford, the *Kentucky State Fair Board* report was adopted by a roll call vote.

Staff Report: Information Technology In Kentucky State Government

Ms. Myatt stated the 9 major conclusions of the report:

Technology is not as visible an asset as personnel or physical infrastructure but is important to government functioning and is changing and growing rapidly. Sometimes technologies are perceived as inappropriate or outdated when they are not. Misunderstandings could be reduced by improved communication and training.

Some old systems work well but suffer from lack of support, inflexible programming, user interfaces that are difficult for younger workers to use, and inefficient operation. Replacing such

systems would make staff more productive and free resources for other purposes.

For large information technology systems that are inappropriate or out of date, agencies have submitted multiple replacement requests that have gone unfunded.

When smaller information technology needs have gone unmet, such as obsolete equipment, it has usually been due to budget limitations.

The Commonwealth Office of Technology (COT) is focused on consolidating infrastructure equipment and support, which seems likely to save money. COT has also interceded with agencies' business applications plans to ensure standard development methods, sharing of common solutions among agencies, and improved access to data between agencies. These efforts should make state government functions more efficient.

The state might be able to save money by making changes to attract, hire, and retain more information technology employees rather than contracting for information technology (IT) staff. On capital projects, improved procurement and project management procedures might reduce losses from cost overruns and delays.

Accounting for information technology expenditures on goods and services is improving but still imprecise; the amounts spent for technology staff cannot be determined using available information.

There is little information to assess the state's progress in improving technology, but data from this study can serve as a baseline for future comparison.

The types of IT assets considered for this study were infrastructure—the equipment used to accomplish IT tasks; business applications—the systems of software and associated equipment used to perform agency business activities; Web presence—the websites that connect state government to the public; and IT Personnel. Business applications can be agency specific or enterprise-wide applications, such as eMARS and KHRIS, used by agencies across state government. Agency applications are used exclusively by one agency or are shared among a small number of related agencies. Examples are KAMES [Kentucky Automated Management & Eligibility System] housed in the Cabinet for Health and Family Services (CHFS) and AVIS [Automated Vehicle Information System] used by the Transportation Cabinet, county clerks, police, and others.

By KRS 42.726, COT has ultimate oversight authority of most executive branch agencies' information technology assets. The legislative and judicial branches of government are exempted from COT authority under KRS 42.728(2) and 42.728(3). Exempted agencies may choose to contract with COT to meet their technology needs. For example, the Office of the Attorney General has chosen to participate in COT's Infrastructure Consolidation Initiative.

Legislative IT oversight is through the Capital Planning Advisory Board and the Capital Projects and Bond Oversight Committee. When an expected expenditure is \$600,000 or more, the board advises agencies in all three branches of state government

on IT systems. The board submits a state capital improvement plan by November 1 of each odd-numbered year to the governor, chief justice, and LRC. State agencies are required to provide the Capital Projects and Bond Oversight Committee quarterly status reports on ongoing capital projects, including capital IT projects. The committee has the authority to review the progress of capital projects and approve interim fund transfers and bond issues.

Program Review staff administered two surveys for this study. The first, primarily asking policy questions, was sent to cabinet and department leaders. The second, covering more technical IT questions, was sent to agencies at the department level with instructions to collect detailed information from the appropriate staff.

Mr. Thomas said appropriateness of technology in state government includes age, funding, the IT workforce, standards and consolidation, procurement and project management, and security. These factors affect the selection, design, scope, and frequency of replacement of technology solutions.

Usability is similar to how appropriate and up to date technology is within its intended purpose. Systems and applications that can be used across the enterprise or several agencies are developed on standardized platforms and are guided by standardized procedures and in-depth consideration of agencies' business needs. These systems are said to have greater interoperability; they have been designed to communicate and share data with other systems. Consolidation of IT resources, including management, may reduce costs through greater economies of scale and increased system usability.

Silo applications and systems, in which contents are kept separately, are typically older and were developed in a mainframe-driven environment. Data in silo systems are difficult to share. COT has developed enterprise standards to increase data accessibility and reduce duplication.

The consolidation of IT infrastructure by COT is being conducted in phases, with agencies at varying degrees of completion. Some agencies may pay more for IT infrastructure after consolidation, primarily because agencies were previously using older infrastructure. The replacement and refresh cycle for IT infrastructure is standardized under consolidation. COT is aware that its billing statements are sometimes difficult to interpret and verify. Some agencies have developed systems that facilitate the billing process. COT has proposed using those systems at other agencies to alleviate future billing issues.

Support response times have been reported as being slower following consolidation. Response times prior to consolidation were not documented, however; so it is difficult to make a comparison. Agencies reported that procurement is an issue because of the time it takes to go through the process with COT. Agencies also noted that COT's support for specialized infrastructure was not as effective as in-house support.

Recommendation 2.1 is that COT should take steps to ensure that the needs of other agencies are being met and concerns are being addressed related to infrastructure costs, support services, specialized

business needs, business applications, and billing the agencies.

Agencies reported on both technology surveys that funding was the greatest challenge to IT infrastructure and applications. The appropriation for capital IT projects in the 2014 budget was one half of what COT recommended. Of the \$99 million appropriation, \$70 million went to the Next Generation Kentucky Information Highway project.

State agencies frequently use contractors instead of hiring permanent staff because salaries for state IT positions are not competitive with private sector salaries. Contractors are flexible and do not receive state benefits, so policy makers must consider overall cost. However, agency leaders must consider that contractors may not have the familiarity with systems and processes that an in-house agency employee may have.

Recommendation 2.2 is that the Personnel Cabinet, in consultation with the Finance and Administration Cabinet and other agencies, should conduct a classification and compensation study assessing the overall cost of equalizing IT compensation with private industry compared to the cost of continuing to use IT contractors, taking into account such factors as contractor flexibility.

More than 37 percent of agencies reported reviewing their business processes regularly. Almost 63 percent stated that business process reviews were only conducted when technology changed or there was a need. COT's involvement in agency business process planning and review is crucial.

When agencies are developing requests for proposals (RFPs) for IT resources, the Office of Procurement Services can offer assistance, for example, helping draft appropriate language. COT also assists agencies with IT specific RFPs and may offer alternatives to contracted services. Agencies should seek the advice of the Office of Procurement Services and COT from the beginning of the decision making process. In the past, Kentucky has experienced cost overruns and delays with some IT contracted services.

It is important that agencies actively manage their own IT projects. COT recommends that agencies have either a certified project manager for IT procurement or staff who have previous experience with similar projects. However, currently there are no policies or requirements that specify agencies must use qualified project managers. Previous cost overruns and delays may have been the result of passive project management.

Recommendation 2.3 is that the Finance and Administration Cabinet and COT should ensure that all agencies consult with COT at the earliest stages of considering new or updated business applications and that all agencies develop their procurement and project designs with input from COT and the cabinet's Office of Procurement Services.

Recommendation 2.4 is that the Finance and Administration Cabinet and COT, at their discretion, should ensure that all agencies employ certified or experienced project managers for capital IT projects. COT should actively review and measure the progress of such projects and maintain records to develop evidence based best management practices.

Attacks on IT systems are increasing. Although Kentucky has not reported any major security breaches, the Auditor of Public Accounts found IT security vulnerabilities. Agency leaders and staff, not just specialists, must become aware of potential threats for effective security across the enterprise. House Bill 5, enacted in 2014, included provisions for reporting security breaches. Ten agencies reported breaches that would have required reporting under House Bill 5.

Recommendation 2.5 is that COT should ensure that all agencies prioritize technology security initiatives and maintain continuing communication and training for their staff on evolving threats and best practices to safeguard sensitive information in their keeping.

Mr. Stevens said that technology assets include technology infrastructure, enterprise business applications, agency business applications, and Web presence.

Infrastructure assets include desktops and workstation computers, access to the Internet, local networks, and communications technology. Each of these assets were evaluated in terms of effectiveness, efficiency, ease of use, reliability, user satisfaction, technical support, and whether it is up to date. The assets were rated by agencies on a scale of 1 to 5, with 1 being very low and 5 being very high. Overall asset ratings ranged from 3.58 to 3.78—between moderate and high.

Program Review technology surveys also asked agencies to evaluate the statewide accounting system eMARS and the statewide human resources system KHRIS in terms of how well the systems are meeting their current business needs. Approximately 57 percent of responding agency leaders agreed that eMARS is meeting their agency's business needs, while 19 percent reported that it is not. Approximately 48 percent of responding agency leaders agreed that KHRIS is meeting agency business needs; 32 percent reported that it is not.

eMARS received an overall rating of 3.57; KHRIS received an overall rating of 3.31—between moderate and high. Eighty-two percent of agencies reported that KHRIS was of high importance; 91 percent of agencies reported that eMARS was of high importance.

Program Review staff also conducted focused examinations of eMARS and KHRIS. eMARS is the statewide accounting system of record for the Commonwealth. Supported accounting functions include procurement, purchasing, payables, receivables, revenue, general ledger, fixed asset, and budget management functions. eMARS was launched in July 2006 at a cost of approximately \$10 million. The annual operating cost of the system is approximately \$7.7 million. Notable accomplishments of eMARS include reliability, as cabinet officials predict that eMARS could continue indefinitely with appropriate support; a fast response time and limited downtime; and a clean audit history since its implementation.

A number of eMARS deficiencies were identified by Program Review staff and reported by agencies. Three examples documented in the report are that there is no link between contracts and

renewals; vendor invoices are unavailable within the system; and master agreement balances are incomplete. Information in eMARS is frequently incorrect or missing. Program Review and agency staff also discovered a security deficiency with the data warehouse reporting tool, InfoAdvantage, which is not part of eMARS but is an application with which it interfaces regularly.

Several agencies reported difficulties using eMARS. As a result, agencies have supplemented eMARS with manual or electronic procedures that often require significant additional work. Most supplemental applications require staff to enter duplicate information and carry out duplicate procedures. These could be made more efficient if agency applications were allowed to interact with eMARS. The Finance and Administration Cabinet strictly limits agencies' use of eMARS interfaces, but it would be beneficial to discover the full extent of agencies' unmet business needs and determine how to meet them.

Recommendation 3.1 is that COT should work with the Office of the Controller and the agencies that use the statewide accounting system to elicit all the supplemental procedures and business applications that agencies use to meet their accounting needs. The offices should identify the reasons that agencies supplement the accounting system and develop solutions so that agencies may use the accounting system more efficiently.

KHRIS, the state government human resources system, maintains personnel and organizational data and performs timekeeping, payroll, and benefits functions. In 2007, IBM contracted to develop a replacement for the previous personnel system. After a contract extension and project delays, the contract with IBM was canceled in 2009. The Personnel Cabinet assumed responsibility for project management and contracted with SAP to carry out the implementation of the system. KHRIS went live in April 2011 with core functionality but without some features from the original project plan. KHRIS cost approximately \$50 million to implement and \$8 million to operate annually.

Notable accomplishments of KHRIS include replacing approximately 25 distinct personnel, payroll, and timekeeping systems at the time of its launch and improving on a number of processes that have led to lower costs and more efficient personnel management. The lack of a self-service timekeeping function was mentioned as a problem area by various agencies. The Personnel Cabinet reports that this functionality is currently in development.

Most agencies have at least one, often several, agency-specific business applications that facilitate their provision of services or manage their operations. Many were purchased and others were developed specifically for the agency. Program Review staff conducted focused examinations of two agency business applications: KAMES and AVIS.

KAMES is a 21-year-old mainframe system that supports eligibility determination for many of the state's public assistance programs such as the Supplemental Nutrition Assistance Program and Medicaid. The annual operating cost of the system is approximately \$11.6 million. According to the

Cabinet for Health and Family Services, KAMES has performed well during its lifespan and continues to do so. Cabinet officials attribute this to a number of factors but place special emphasis on the original project management process, which entailed a high degree of vendor oversight and staff involvement.

KAMES has developed deficiencies, which include an interface that makes training more difficult and administration more time consuming, less automation than modern systems, inflexible technology that requires new programming to accommodate regulatory or business process changes, and increased costs associated with maintenance and support.

AVIS was developed in 1981 and is maintained by the Transportation Cabinet to collect title and registration information on vehicles. The system was developed by McDonnell Douglas and costs approximately \$3.7 million annually to maintain and support. According to cabinet officials, AVIS has and continues to function reliably and securely with fast response times and 24-7 up-times for users across eight state cabinets.

The age of the system has created a number of deficiencies for current use similar to those for KAMES. A replacement for KAMES is underway, and the system will be fully phased out by December 2015. In May 2009, the cabinet entered into a contract with 3M Motor Vehicle Systems to develop the replacement, but the contract was terminated in May 2014. The cabinet is in the process of completing the replacement system with its own staff.

Agencies were asked to evaluate the performance of their Web presence along a number of criteria as well as its importance to the agency. The agencies reported that their Web presence is performing well, is of high importance, and is serving a variety of functions ranging from promoting the agency to conducting business directly with the public. All but two of the responding agencies reported that they currently had a public Web presence.

Mr. Knowles said that the inventory and cost of technology are difficult to determine. At this time, there is no firm inventory of state government technology equipment, software, or personnel. COT is in the process of consolidating infrastructure assets and support personnel. As it does, COT is taking an inventory of infrastructure equipment and software. All infrastructure support personnel are being transferred to COT. At the end of the process, there should be a reliable inventory of infrastructure assets. Many agencies develop or purchase their own business applications. As part of the infrastructure consolidation, COT is developing a list of agency business applications. Agencies also have personnel who manage and support their business applications, but there is no exact count of employees and contractors who perform IT tasks. Tracking these personnel is not part of the consolidation process.

In eMARS, the purpose of a payment is shown by its object code. Agencies vary in the way they use object codes for IT expenses. They sometimes use object codes that are not for technology. Staff examined a sample of IT payments and found

that 38 percent used non-IT object codes. After infrastructure consolidation, COT will have sole responsibility for infrastructure purchases. COT has demonstrated good use of object codes. However, other agencies will continue to have IT expenses they code themselves. Analysis of their use of object codes indicates that agencies need better descriptions of object codes and they would benefit from feedback about their use of object codes.

Recommendation 4.1 is that the Finance and Administration Cabinet should produce and maintain a document explaining the intended use of each object code in the statewide accounting system. The cabinet should implement an ongoing process to periodically examine and validate samples of payments from all agencies and take corrective action when patterns of miscoding are found.

It is difficult to determine personnel IT costs, both for state employees and contractors. This is a challenge shared by other states. For state employees, it is possible that staff in non-IT job classifications spend significant time on IT tasks. Staff in IT job classifications might spend significant time on non-IT tasks. Furthermore, the accounting system does not have a record of payroll costs by individual; rather, it has payroll costs for departmental units. Contractor costs might be easier to track, but there is a need for new object codes to distinguish IT from non-IT tasks for contractors.

Recommendation 4.2 is that COT should work with the Finance and Administration Cabinet and the Personnel Cabinet to develop a means to calculate the number of full-time equivalent personnel and the costs associated with information technology work by state employees.

In response to a question from Representative King, Mr. Knowles explained that the inventory issue includes there being no central record of what information technology work is done in house and outsourced. When COT has completed their infrastructure consolidation, there may be a list of all of the business applications, equipment, and software available.

Representative DeCesare commented that in his years in the legislature, technology is the subject most ignored by the General Assembly, especially in terms of budgeting. It is shocking that there is not an inventory of technology assets. We need to rely on the experts more regarding contracts. We should look to universities to see how their infrastructure is working. "Technology" should be incorporated into the name of the Economic Development and Tourism Committee.

In response to questions from Senator Westerfield, Program Review staff will look further into the annual costs for the four reviewed agency business applications and request more detailed cost breakdown from the agencies. The completion date of the inventory of technology assets may be better answered by COT. The response rates to the surveys done by Program Review staff were between 85 and 90 percent of agencies. Appendices C and D have more information related to the surveys.

In response to questions from Senator Higdon, Mr. Knowles said that staff did not look at KyNect for this study. The term paperless was discussed

only when agencies mentioned it as a goal. The term open architecture is part of the enterprise standards that COT is working towards.

Janet Lile appeared before the committee.

Ms. Lile said that Finance and Administration Cabinet groups involved in this study were pleased with the report and support the recommendations. Some of the recommendations align with the IT strategic plan for 2014 to 2018. COT is working towards consolidating IT infrastructure and support for the executive branch and the project is scheduled to be completed in 2015.

In response to a question from Senator Harris, Ms. Lile said that Recommendation 3.1 to allow limited adjustment to eMARS is not currently part of the strategic plan, but COT is working with the Office of the Controller in support of this recommendation.

Walt Gaffield appeared before the committee.

Mr. Gaffield said that the Personnel Cabinet is going to start self entry timekeeping in 2015 with a beta project in the Transportation Cabinet.

In response to a question from Representative DeCesare, Mr. Gaffield said that his office supports the report on the whole. There are no serious disagreements with the report's findings.

In response to a question from Representative Mills, Mr. Gaffield explained that comparing private and public IT salaries is very complicated. However, his office will cooperate with COT.

Representative King agreed with Representative DeCesare that state government is behind on technology. She cited SAS as a company with expertise to analyze businesses to help agencies work better together. Many agencies could benefit from the ability to share information through technology.

Ms. Lile said that the Cabinet for Health and Family Services contracts with SAS for data services. COT is working internally to develop a data sharing agreement.

Representative King stated that these types of data services are not only beneficial to those receiving benefits but also in terms of discovering fraud and inappropriate usage.

Mr. Gaffield reported that the KHRIS team has formed an organization called SPUG [SAP Public Users' Group] to communicate with other SAP users nationally and internationally to compare business solutions. Completing the infrastructure consolidation will allow the possibility of doing away with siloing. Consolidation of servers will also be a benefit of consolidation.

Upon motion by Senator Harris and second by Representative DeCesare, the *Information Technology In Kentucky State Government* report was adopted by a roll call vote.

Lists of topics suggested by legislators for studies to be conducted in 2015 were handed out. Representative King said that topics will be voted on at the next meeting.

The meeting adjourned at 11:50 AM.

CAPITAL PROJECTS AND BOND OVERSIGHT COMMITTEE

Minutes

November 18, 2014

Call to Order and Roll Call

The Capital Projects and Bond Oversight Committee meeting was held on Tuesday, November 18, 2014, 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 Chris Girdler, Julian Carroll, Bob Leeper, and Christian McDaniel; Representatives Robert Damron, Steven Rudy; and Kevin Sinnette.

Guests Testifying Before the Committee:

Ms. Mary Vosevich, Vice President for Facilities Management, University of Kentucky; Mr. Scott Aubrey, Director of Real Properties, Finance and Administration Cabinet; 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

Senator Carroll moved to approve the minutes of the October 21, 2014, meeting. The motion was seconded by Senator Leeper and approved by voice vote.

Information Items

Mr. Josh Nacey, Committee Staff Administrator, presented four information items. 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 a notice of advertisement for leased space from the Department of Financial Institutions in Franklin County.

The third item was a notice of advertisement for leased space from the Department of Agriculture in Franklin County.

The fourth item was the Administrative Office of the Courts Court Facility Use Allowance Contingency Fund annual status report.

Resolutions Honoring Retiring Committee Members

Senator Girdler read a resolution honoring Senator Leeper upon his retirement from the General Assembly. Chairman Sinnette read a resolution honoring Representative Damron upon his retirement from the General Assembly.

Senator Carroll made a motion to approve the resolutions. The motion was seconded by Representative Rudy and passed unanimously by voice vote.

Project Report from the University of Kentucky (UK)

Ms. Mary Vosevich, Vice President for Facilities Management, UK, presented a scope increase for the Center for Applied Energy Research Slipstream project for a \$1,100,000 increase to address the discovery of below grade structures during the construction of the foundations;

additional handling and crane time for the contractor; and bids exceeding the engineer's estimates. The new project scope was \$2,700,000 and was funded from a federal grant.

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

Lease Reports from the Finance and Administration Cabinet

Mr. Scott Aubrey, Director of Real Properties, Finance and Administration Cabinet, presented 12 items. The first item was a new lease for the Department of Corrections in Jefferson County to accommodate needed additional space. The new lease was for 10,764 square feet (sq ft) at \$12.75 per sq ft for an annual total of \$137,241.

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 lease renewal for the Department of Military Affairs in Boone County, under the same terms and conditions, for a total annual rent cost of \$108,000 through June 30, 2023.

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

The third item was for a lease renewal for the Cabinet for Health and Family Services, Department for Community Based Services, in Clark County, under the same terms and conditions, for a total annual rent cost of \$109,460 through June 30, 2016.

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

The fourth item was for a lease renewal for the Cabinet for Health and Family Services, Department for Community Based Services, in Fayette County, under the same terms and conditions, for a total annual rent cost of \$439,028 through June 30, 2016.

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

Senator Carroll made a motion to consolidate the remaining lease renewals under one motion. The motion was seconded by Senator McDaniel and approved by roll call vote.

The fifth item was for a lease renewal for the Cabinet for Health and Family Services, Department for Community Based Services, in Franklin County, under the same terms and conditions, for a total annual rent cost of \$116,761 through June 30, 2016.

The sixth item was for a lease renewal for the Cabinet for Health and Family Services, Department for Community Based Services, in Graves County, under the same terms and conditions, for a total annual rent cost of \$121,615 through June 30, 2023.

The seventh item was for a lease renewal for the Cabinet for Health and Family Services, Department for Community Based Services, in Harlan County, under the same terms and conditions, for a total annual rent cost of \$119,720 through June 30, 2023.

The eighth item was for a lease renewal for the Cabinet for Health and Family Services, Department

for Community Based Services, in Knott County, under the same terms and conditions, for a total annual rent cost of \$100,119 through June 30, 2023.

The ninth item was for a lease renewal for the Cabinet for Health and Family Services, Department for Community Based Services, in McCracken County, under the same terms and conditions, for a total annual rent cost of \$113,817 through June 30, 2023.

The tenth item was for a lease renewal for the Cabinet for Health and Family Services, Department for Community Based Services, in Montgomery County, under the same terms and conditions, for a total annual rent cost of \$130,356 through June 30, 2016.

The eleventh item was for a lease renewal for the Cabinet for Health and Family Services, Department for Community Based Services, in Ohio County, under the same terms and conditions, for a total annual rent cost of \$107,950 through June 30, 2023.

The twelfth item was for a lease renewal for the Cabinet for Health and Family Services, Department for Community Based Services, in Rowan County, under the same terms and conditions, for a total annual rent cost of \$137,269 through June 30, 2023.

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

Project Reports from the Finance and Administration Cabinet

Mr. John Hicks, Deputy State Budget Director, presented three items. The first item was a new unbudgeted capital project from the Education and Workforce Development Cabinet. The Unemployment Insurance State Identified Prevention Strategy Upgrade project will allow quicker detection of unemployment insurance claimants who are earning unreported wages. The \$975,600 capital project was 100 percent federally funded from a grant from the U.S. Department of Labor.

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

The second item was a new unbudgeted capital project from the Education and Workforce Development Cabinet to improve registration and access to services provided by the Department of Workforce Investment agencies. The \$750,000 Unemployment Insurance System Improvements project was 100 percent federally funded from a grant from the U.S. Department of Labor.

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

The third item was a new unbudgeted capital project from Morehead State University for the Construct Volleyball Facility project. The new facility will be constructed within the Academic Athletic Center and will replace the current facility plagued with structural problems. The \$1,400,000 project was financed from private funds.

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

Kentucky Infrastructure Authority (KIA) Loans

KIA submitted six loans for approval by the committee. KIA representatives were not in attendance to present the loans. Senator Girdler made a motion to request KIA be present at the December 2014, meeting to present the loans. The motion was seconded by Representative Damron and approved by voice vote.

Reports from the Office of Financial Management

Mr. Ryan Barrow, Executive Director, Office of Financial Management, presented two new bond issues. The first item presented was Kentucky Housing Corporation Single Family Housing Revenue Bonds, 2014 Series B, to refund certain prior bonds for economic savings.

The anticipated net proceeds will not exceed \$30,000,000 and the proposed date of sale will be December 4, 2014, with an estimated true interest cost of 3.79 percent. It will be a negotiated sale and Kutak Rock will serve as bond counsel; Citi as underwriter; Peck, Shaffer & Williams, a division of Dinsmore & Shohl, as underwriter's counsel; Office of Financial Management as financial advisor; and Bank of New York Trust Company as Trustee.

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

The second item presented was State Property and Buildings Commission (SPBC) Revenue (Series A) and Refunding Revenue (Series B) Bonds, Project Number 108, to provide permanent, tax-exempt, General Fund supported financing for approximately \$150,000,000 of projects authorized by the General Assembly; refund certain bonds issued by SPBC and Asset/Liability Commission (ALCo); and pay associated costs of issuance.

The anticipated net proceeds will not exceed \$460,000,000 and the proposed date of sale will be December 10, 2014, with an estimated all-in true interest cost of 2.75 percent. It will be a negotiated sale and Peck, Shaffer & Williams, a division of Dinsmore & Shohl, will serve as bond counsel; Citi as underwriter; Stites & Harbison as underwriter's counsel; and the Office of Financial Management as financial advisor.

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

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

Mr. Barrow reported 41 school bond issues with SFCC debt service participation with a total par amount of \$257,685,000. The state portion of the annual debt service payment was \$6,142,386 and the local contribution was \$19,123,564. 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 Carroll and approved by roll call vote.

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

Eight 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 and refinance previously approved bond issues. No action was required.

With there being no further business, the meeting adjourned at 1:41 p.m.

PUBLIC PENSION OVERSIGHT BOARD

Minutes

November 24, 2014

Call to Order and Roll Call

The meeting of the Public Pension Oversight Board was held on Monday, November 24, 2014, at 1:00 PM, in Room 169 of the Capitol Annex.

Representative Brent Yonts, 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; Senator Jimmy Higdon; Representatives Brian Linder and Tommy Thompson; Robyn Bender, Tom Bennett, Jane Driskell, James M. "Mac" Jefferson, Sharon Mattingly, and Alison Stemler.

Guests: Greg Lovllen (sic), Retiree; Damian Stanton, Retiree (CERS); Paul R. Guffy, Kentucky Public Retirees; David A. Sallee, Retiree (CERS); Lowell Reese, Kentucky Roll Call; Jerry Frantz, Retiree; Russ Wright, Retiree; Dan Flaherty, Retiree; Prewitt Lane, Louisville, KY; Fran Salyers, Retiree; and Anna Baumann, Kentucky Center for Economic Policy.

LRC Staff: Brad Gross, Bo Craycraft, Terrance Sullivan, Greg Woosley and Marlene Rutherford.

Co-Chair Yonts recognized and welcomed Representative James Kay.

Bill Thielen, Executive Director of Kentucky Retirement Systems, invited the PPOB members to the KRS quarterly Board of Trustees meeting on Thursday, December 4, 2014 at 9:00 a.m. He said the meeting would be held at the retirement systems office, Perimeter Park West, 1270 Louisville Road, Frankfort, Kentucky. At that meeting, the 2014 fiscal year valuation will be presented by the actuaries, the result of which drives the contribution rates. The KRS Board will also receive the comprehensive annual financial report and will again review the experience study and take action on the actuarial recommendations. Mr. Thielen indicated that all ten plans administered by KRS with the exception of the Kentucky Employees Retirement System (KERS) non-hazardous and Kentucky State Police Retirement System (SPRS) pension plans have increased their asset base and funded status and that all the insurance plans are doing well. The KERS non-hazardous plan funded status has decreased to twenty-one percent, with a continuing negative cash flow in the amount of \$182 million last fiscal year. He said that assuming KRS continues to meet its assumptions it will be at least a couple of years before the plan turns around and sees an increase in the funded status. Mr. Thielen indicated that he would ask the actuary to perform an analysis following the presentation of the valuation before the legislative session as to what affect an influx of

some additional funding over the ARC in the KERS non-hazardous pension plan would have on the negative cash flow.

Approval of Minutes

Co-Chair Bowen moved that the Minutes of October 21, 2014, be approved, which was seconded by Mr. Bennett. The minutes were approved without objection.

Kentucky Retirement Systems Investment Update

David Peden, Chief Investment Officer, discussed investment performance. At the October meeting the September numbers were still preliminary, or unaudited; however, he noted that the final numbers did not change from the preliminary numbers. The pension plan for the fiscal year through September was down 1.41 percent versus the benchmark of 0.82 percent. For the month of October equity markets finished up 0.83 percent and for the fiscal year through October the plan is down 0.59 percent versus the benchmark at 0.17 percent. For the month of October U.S. public equity was up 2.77 percent, which he said is right on the benchmark. The large cap funds were up 2.44 percent, mid caps were up 3.08 percent, and small caps were up 6.59 percent. Although small caps were up for the month they are still negative on the year. Looking at the performance of the U.S. public equity asset class, value stocks are not performing as well as growth stocks, and there is a small over weight to small caps versus mid caps and large caps, with small caps not doing as well as large caps, which is negatively impacting the performance relative to the benchmark for both the month and fiscal year. He said the non-U.S. equity portfolio is down six percent for the fiscal year and down sixty basis points for the month, which was better than the benchmark that was down about one percent in October. He pointed out that the negative performance is attributed to the strong dollar. When investing in non-U.S. equity, which are stocks in companies that are purchased with the currency in the country they are located, the strength of our economy versus the strength of the European economies and Japan have negatively affected the non-U.S. equity performance. The emerging market equities are down three percent, slightly worse than the benchmark that is down 2.21 percent. The overall public equity return for the month of October is up 1.16 percent versus the benchmark of ninety-one basis points, and is slightly worse than the benchmark on the fiscal year. Public equity as a whole is down 1.98 percent versus the benchmark of a negative 1.77 percent. Fixed income in the insurance plan was up eighty-six basis points versus the benchmark that was up ninety-eight basis points. He said the recovery from the Bank of America settlement was placed in the portfolio in October. For the fiscal year, the fixed income portfolio is up 1.03 percent versus the benchmark of 0.95 percent. Real return was down for the month and down for the fiscal year 1.68 percent due to poor performance in treasury inflationary protected securities. The absolute return portfolio is up for the fiscal and down slightly in October, and most of the negative return was caused by activist offshore

equity managers due to the tax inversion ruling that allows a U.S. company to buy a foreign company and take advantage of the tax rate of the foreign country. Although there are a few trading days left in November, the pension and insurance funds are down approximately twenty basis points fiscal year to date.

In response to questions by Co-Chair Yonts, Mr. Peden indicated that U.S. equity stocks will continue to perform well into next year unless there is some unforeseen occurrence such as a terrorist attack or extremely bad weather conditions. He also said that the capital markets are benefitting from the slow down and troubles in other parts of the world, and as KRS goes through the asset allocation they need to be cautious not to overreact to poor performance in Europe and Japan. He also stated that the turmoil and sanctions in Russia are also having an impact on KRS investments.

In response to a question by Senator Higdon, Mr. Thielen indicated that KRS has had a maintenance budget for the last three budget cycles and that administrative expenses have decreased because of the decision to move from a self-insured Medicare eligible health plan to a fully insured plan. Over the last year salary expenses have also decreased although benefit expenses increased because of paying a higher contribution rate. He pointed out that Senate Bill 2 enacted in the 2013 session included language that prevented the KRS Board from changing the contribution rate for KERS and SPRS plans in the second year of the biennium. Prior to that time KRS had typically set a rate based on the valuation and when the next valuation was performed the rate was changed. However, in House Bill 235 the contribution rate was set for this fiscal year and next fiscal year at the same rate of 38.77 percent of payroll for KERS nonhazardous, which was based on the 2013 valuation. This year's valuation will probably result in the actuarially required rate being higher than 38.77 percent, but state agencies will not be paying that higher rate, which means that when the 2015 valuation is calculated the numbers will be higher than the rate would have been had KRS continued to use annual valuations to set the rate.

Responding to another question by Senator Higdon concerning calls received concerning the spiking issue, Mr. Thielen stated that KRS has issued invoices and received some revenue from those invoices, but it is a small amount at this time. He said that LRC staff has been provided all the data KRS has available on pension spiking. He also noted that in addition to a proposal to address spiking that will be introduced in the 2015 session that KRS is working on proposals that may eliminate some of the problems with pension spiking, and that once the proposals are finalized they will be provided the PPOB. Co-Chair Yonts indicated that staff was monitoring these proposals closely and that the total bill for all spikes in all agencies is less than \$1 million and many are nominal sums.

In response to a question by Representative Thompson concerning negative cash flow, Mr. Thielen indicated that the amount of the negative cash flow was \$193 million for fiscal year 2014.

He said that the negative cash flow for the first quarter of this fiscal year in the KERS nonhazardous pension fund is \$70 million. Mr. Peden indicated that more than \$182 million in assets would need to be liquidated in order to address the negative cash flow for payment of benefits, and that the \$182 million was the amount that was not accounted for by contributions and investment.

Co-Chair Bowen indicated that some of the PPOB report will include legislative recommendations as well as administrative recommendations to the KRS Board. A recommendation that will not be included in the written report, but is being verbally recommended, is that PPOB meetings in 2015 include not only Mr. Thielen and Mr. Peden but also members of the KRS Board so the PPOB will better understand the operations of KRS and the function of the various committees. Co-Chair Bowen asked that Mr. Thielen work with Brad Gross to identify the proper individuals to attend the PPOB monthly meetings for conversation and to answer questions. Co-Chair Bowen also reiterated that the Board meeting schedule would be consistent for the fourth Monday of each month beginning in January 2015.

Recommendations for Consideration by the 2015 General Assembly

At the outset, Co-Chair Yonts indicated that both co-chairs had worked with staff since the last meeting to identify and arrive at a consensus of items, both administrative and legislative, to discuss at today's meeting. Some of the legislative recommendations are the same as bills, with some minor changes, which were introduced in the 2014 session but did not pass. Also, he indicated that new legislative recommendations and administrative suggestions and study items would be discussed. As was stated in a prior meeting, there is a statutory deadline of December 1 for a report and recommendations to be sent to the Legislative Research Commission for consideration during the 2015 session. He said the draft report will be completed at the end of November to comply with the statute and then a final report would be approved at the December 15 meeting. A compilation of recommendations to issues was distributed to the PPOB members.

Brad Gross, LRC staff and CSA to the PPOB, stated the recommendations considered by the PPOB are grouped into two categories. One group relates to administrative recommendations and do not require a legislative change, the other group are recommendations that will require a change in the law. The recommendations were taken up and voted on individually.

Administrative Recommendations:

Recommendation No. 1 - Senator Bowen and Representative Yonts recommend that the Kentucky Retirement Systems should engage an independent actuarial firm, different from their current actuarial firm, to perform an actuarial audit of the assumptions/funding methods and should report the findings to the KRS Board and the Public Pension Oversight Board.

Action: Senator Higdon moved that the Board adopt this recommendation. Representative

Thompson seconded and the motion carried 10-0-1. Mr. Bennett passed due to a conflict of interest as a result of his employment with the state Auditor's Office.

Recommendation No. 2 – Representative Yonts recommended that the KRS board should: (1) consider the results of any actuarial audit that is completed prior to the board's adoption of any specific assumption/method changes; (2) evaluate the cash flow needs of the KERS non-hazardous pension fund as it relates to the assumptions/methods; and (3) move quickly on adoption to ensure a timely completion of the asset/liability modeling study and to ensure sufficient notice is provided to employers if any change in employer contributions will result.

Action: Co-Chair Bowen moved that the Board adopt the recommendation. Mr. Jefferson seconded and the motion carried 11-0.

Recommendation No. 3 – Senator Bowen recommended that KRS should take more action in publicizing KRS board meeting dates/times, including but not limited to: (1) improving electronic communication regarding meetings via the KRS newsletter, website, and social media pages; and (2) distributing meeting times/dates electronically to employee, retiree, and interest groups.

Action: Representative Thompson moved that the Board adopt Recommendation No. 3. Mr. Bennett seconded and the motion carried 11-0.

Recommendation No. 4 – Mr. Jefferson recommended that the Board receive quarterly cash flow statistics from KRS and mandate a study of cash flow issues facing the systems and to study investment oversight/structure of other public pension funds. Senator Higdon recommended a study of KRS administrative expenses and how they are approved, in comparison to other systems; to study the personnel and compensation system of KRS; and to study and review data on other public pension funds as it relates to investment fees, expenses, and required disclosure.

Action: Co-Chair Bowen moved that the Board adopt the recommendations as stated. Representative Linder seconded and the motion carried 11-0.

Recommendation No. 5 – Sen. Bowen recommended that in developing the 2016-2018 executive branch budget for presentation in the 2016 Regular Session of the General Assembly, the Governor should include the actuarially required contribution rate as required by state statute for KERS and SPRS.

Action: Mr. Jefferson moved that the Board adopt the recommendation. Representative Linder seconded and the motion carried 10-0-1. Ms. Driskell asked that the record reflect a "pass" vote for her due to conflict as the State Budget Director.

Legislative Recommendations:

Recommendation No. 6 – Senator Bowen and Representative Yonts recommended that the Kentucky Retirement Systems housekeeping bill, similar to provisions included in House Bill 324 that did not pass during the 2014 Regular Session, should be enacted.

Action: Representative Thompson moved that the Board adopt the recommendation. Co-Chair

Bowen seconded and the motion carried 11-0.

Recommendation No. 7 – Senator Bowen and Representative Linder recommended that legislation to address pension "spiking" issues similar to the measures proposed in Senate Bill 142 from the 2014 Regular Session should be enacted, and Representative Yonts recommended legislation to address pension "spiking" that retains the existing statutory language but raises the threshold for a pension "spike" from a 10% annual increase in creditable compensation during the last 5 years of employment to 15% should be enacted.

In response to a question raised by Ms. Driskell and for clarification, Co-Chair Yonts indicated that the Board, by taking action on the stated recommendations, is recognizing that the issue needs to be addressed and is adopting the concept of the recommendation, rather than a particular recommendation, and that it would be the prerogative of the General Assembly to act on a recommendation to best address the issue.

Action: Mr. Jefferson moved that the Board adopt the recommendations for consideration by the General Assembly. Co-Chair Bowen seconded and the motion carried 11-0.

Co-Chair Yonts noted KRS is working on proposed language that may resolve the issue of "spiking" and the liability for the cost being placed on the employer.

Recommendation No. 8 – Senator Bowen and Representatives Yonts and Linder recommended that legislation including the Kentucky Teachers' Retirement System, the Legislators' Retirement Plan, and the Judicial Retirement Plan to the oversight duties of the Public Pension Oversight Board (similar to the measures proposed in House Bill 323 from the 2014 Regular Session) should be enacted.

Action: Ms. Mattingly moved that the Board adopt the recommendation. Senator Higdon seconded and the motion carried 11-0.

Recommendation No. 9 – Senator Bowen, Representative Yonts, and Mr. Jefferson, recommended that legislation be enacted that requires each of the state-administered retirement systems to conduct an actuarial experience study once every 5 years (similar to HB 389 from the 2014 Regular Session) and that the analysis should be conducted by a different actuary than the actuary completing the annual valuation.

Action: Co-Chair Bowen moved that the Board adopt the recommendation. Representative Thompson seconded and the motion carried 11-0.

Recommendation No. 10 – Senator Higdon recommended that the General Assembly should secure additional funding to avert any insolvency issues facing the Kentucky Employees Retirement System pension fund.

Action: Mr. Jefferson moved that the Board adopt the recommendation. Ms. Stemler seconded and the motion carried 11-0.

Recommendation No. 11 – Senator Bowen and Representative Yonts recommended that the Public Pension Oversight Board support measures that would provide additional funding to improve the financial health of the systems administered by

Kentucky Retirement Systems, and in particular, measures that would improve the cash flow issues facing the Kentucky Employees Retirement System non-hazardous pension fund.

Co-Chair Yonts indicated that there are areas that additional funding could be achieved, such as monies for uncollected sales tax from internet transactions that the state may receive from the Marketplace Fairness Act in the event legislation is passed by Congress, and could be earmarked or dedicated to the unfunded pension liability.

Action: Co-Chair Bowen moved that the Board adopt the recommendation. Mr. Bennett seconded and the motion carried 11-0.

Recommendation No. 12 – Senator Bowen and Representative Yonts recommended that legislation to address KRS agency participation issues that includes measures for voluntary and involuntary cessation of participation (similar to SB 216 from the 2014 Regular Session), should be enacted.

Responding to a question by Ms. Driskell concerning whether this recommendation is appropriate in light of the litigation currently pending in the courts relating to agency participation, Mr. Thielen stated that given the parameters of the proposed bill in the 2014 Regular Session the types of agencies that may take advantage do not have the funding for ceasing participation because an agency would only be allowed to cease if they paid the unfunded liability over a period of time or had the reserves or collateral to support the payment. He also indicated that the Internal Revenue Service has been in the process over the last several years of looking at what constitutes a governmental plan and the types of entities that should be allowed to participate in those plans and if the IRS issued regulations and if KRS had to transition any entities out of the plan over time this proposal would assist in that transition.

Co-Chair Yonts indicated that the bill that he will be pre-filing relating to agency participation will state that if an agency wants to pay its way out of the pension plan based on what KRS indicates is owed and it reduces the time period from thirty years to ten years for payment if the agency does not have the cash on hand to pay its way out in a lump sum. The bill also attempts to define "adequate security" by requiring a financing statement or a real estate mortgage to be filed and will also provide that the existing agency is required to hold harmless the pension system from liability from damages, including interest and court costs, if a lawsuit is brought by individuals in the system who did not want to be a part of transitioning out of the system since it is the agency paying into the system that is taking the action to get out of the system.

Mr. Thielen noted that the enactment of legislation would not impact the KRS case pending in the courts and would be prospective only.

Action: Co-Chair Bowen moved that the Board approve the recommendation. Mr. Jefferson and the motion carried 11-0.

Recommendation No. 13 - Mr. Jefferson, Representative Yonts, and Senator Bowen recommended that legislation to require KRS to

incorporate sensitivity analysis into their annual actuarial valuation on key assumptions, the impact on plan funding statistics, and funding requirements should be enacted.

Mr. Jefferson indicated that the thought process for this recommendation was that integrating the sensitivity analysis into the annual actuarial report may provide the KRS Board of Trustees and the PPOB a better understanding of what the impact may be if certain actuarial assumptions are achieved, and may allow the legislature an opportunity to prospectively begin implementing changes or adjustments that would need to occur as opposed to retrospectively reacting to any negative impact. This would improve the oversight and function of the Board of Trustees and the PPOB.

Mr. Gross noted that the impact of certain assumptions on plan funding requirements whether the experience is up or down in future years can have a dramatic impact on plan funding requirements, which is also a basis for this recommendation.

Action: Mr. Thompson moved that the recommendation be approved. Ms. Mattingly second and the motion carried 11-0.

Co-Chair Yonts stated that the recommendations will be presented for consideration by the 2015 General Assembly and will also go into the PPOB annual report that will be prepared by staff as a draft copy for submission to the Legislative Research Commission by December 1. He also stated the final version of that report will include these recommendations, but will also include a summary of the KRS administration, benefits, funding, and investment data and a summary of testimony given to the PPOB over the last year. The PPOB at the December 15 meeting will review and provide input on the final draft and its publication as a final 2014 annual report.

Co-Chair Bowen moved that the actions for finalization as stated by Co-Chair Yonts above be accepted. Ms. Stemler seconded and the motion carried 11-0.

Co-Chair Yonts indicated that when the draft report has been completed by Mr. Gross it will be disseminated to the PPOB for review and any discussion at the December meeting.

The meeting adjourned at approximately 2:15 p.m.

EDUCATION ASSESSMENT AND ACCOUNTABILITY REVIEW SUBCOMMITTEE

Minutes of the Meeting

November 21, 2014

Call to Order and Roll Call

The meeting of the Education Assessment and Accountability Review Subcommittee was held on Friday, November 21, 2014, at 10:00 AM, in Room 131 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, Alice Forgy Kerr, and Gerald A. Neal.

Legislative Guests: Representatives Derrick Graham and Arnold Simpson.

Guests: Clyde Caudill, Kentucky Association of School Administrators; Brenda McGowan, Kentucky Education Association.

LRC Staff: Janet Stevens and Daniel Clark.

Acceptance of Office of Education Accountability Report: Education Revenue, Expenditure, and Staffing Over 10 Years

Sabrina Olds, Research Analyst, Office of Education Accountability (OEA), said appropriations for elementary and secondary education increased from \$3.2 billion in 2004 to \$4.2 billion in 2013. The appropriations for each category of the report includes the Education Professional Standards Board, School Facilities Construction Commission, Kentucky Teacher Retirement System, Kentucky Department of Education (KDE), and the Support Education Excellence in Kentucky (SEEK). OEA's report specifically concentrates on KDE and SEEK funds.

Ms. Olds said in fiscal year 2004, KDE was allocated \$585.6 million growing to \$926.9 million in 2013. In 2004, the SEEK allocations was approximately \$2.4 billion and increased to \$2.9 billion in 2013. The SEEK budget was 75.3 percent of the total budget in 2004 and decreased to 69.4 percent by 2013. In 2004, KDE received a total of \$3.56 billion in total revenues and by 2014, the revenues grew to \$4.74 billion. When adjusted for inflation during this time period, the growth was only \$284 million. The majority of KDE's revenues come from the general fund budget.

Ms. Olds said KDE's operating expenses were almost \$13 million in 2004, and increased to almost \$31 million in 2013. The biggest increase in operating expenses occurred in 2008 because of the Kentucky Education Network (KEN) upgrade which increased the local bandwidth for local school districts. The personnel expenditures for KDE in 2004 were \$60.77 million and increased to \$100.56 million by the end of 2013. The large increase in expenditures is mainly due to the addition of Career and Technical Education to KDE.

In response to Senator Alice Forgy Kerr's question regarding bandwidth debt service, Ms. Olds said the KEN upgrade was in fiscal year 2008, and the increase occurred in operating expenses.

Ms. Olds said KDE has several different categories of staffing and the number of KDE staff in Frankfort has decreased since 2004. Also, KDE used different memorandum of agreements (MOAs) with different entities, inside and outside the state of Kentucky. Some MOAs are temporarily used by KDE, and some are used for different companies contracted by KDE. In 2004, 76 people with MOAs were at KDE, and that number increased to 110 in 2013. In 2013, a majority of MOAs were paid for by federal funds due to Federal Title I school improvement funds.

In response to Chairman Mike Wilson's question regarding education recovery staff retirement and benefits, Ms. Olds said education recovery staff are being paid with federal funds and

the retirement and benefits comes out of the federal grants.

Approval of October 6, 2014, Meeting Minutes

Upon motion from Senator Alice Forgy Kerr, seconded by Senator David Givens, the October 6, 2014, meeting minutes were approved by voice vote.

Ms. Olds said OEA's first recommendation is that KDE should track staff provided through MOAs annually by full time equivalent for internal and external reporting.

Ms. Olds said KDE enters into personal service contracts (PSCs) with individuals and businesses similar to MOAs. The number of PSC decreased from 72 in 2009, to 51 in 2013.

In response to Senator Alice Forgy Kerr's question regarding staffing of PSCs prior to 2009, Ms. Olds said OEA does have staffing numbers from the previous years, and she would provide them to the committee at a future date.

In response to Chairman Mike Wilson's question regarding PSCs, Ms. Olds said PSCs are contracts that are normally with a specific person but can be with vendors such as ACT for example.

In response to Representative Rita Smart's question regarding PSCs being advertised by KDE, Hiren Desai, Associate Commissioner, KDE, said it is in statute that a PSC has to be advertised for at least seven days.

In response to Senator David Givens's question regarding PSCs impacting the retirement system, Mr. Desai said if the PSC employee is a former retiree and comes back to work for an agency that is a part of the Kentucky Teacher Retirement System (KTRS), that agency will have to pay into KTRS again.

Ms. Olds spoke about local school districts total revenue and said on-behalf revenues include payments from KDE such as KTRS portion, health insurance, and technology. Some school districts have inconsistently and incorrectly captured some of the on-behalf payments over the ten year period. In 2004, revenues excluding on-behalf payments were \$5.1 billion and increased to \$6.7 billion by 2013. When adjusting for inflation, the total revenue without on-behalf increased by about \$300 million.

Ms. Olds said OEA's second recommendation is that KDE should work with school districts to ensure that on-behalf revenues and expenditures are recorded correctly.

Ms. Olds said most of the revenues local school districts receive flow from KDE. Overall, local revenues experienced the largest dollar increase during the past ten years. Other revenues received are bond sales, surplus items, and one time money the school districts received for a fire or natural disaster.

In response to Chairman Mike Wilson's questions regarding accurate numbers with local revenues, Ms. Olds said all local revenue is through a tax that a school board has levied or for fees and dues approved by the school board. Sales and use tax is collected by the Revenue Cabinet, not by the school district.

Chairman Mike Wilson said he is not as concerned with the activity fees as he is with

making sure school districts are providing accurate information regarding taxes.

In response to Senator David Givens's question regarding dollars that are not provided in the report and in lieu of tax payments, Ms. Olds said most activity fees are not provided in the report and in lieu of tax payments are recorded at the state level, not the local level.

Ms. Olds said investment income and child nutrition were the only two areas of decline in the total local revenue over the past ten years. The report suggests that part of the decline in child nutrition may be due to some school districts participating in the Community Eligibility Option Program.

In response to Senator Alice Forgy Kerr's question regarding the Community Eligibility Option Funds, Ms. Olds said the funds are provided by the federal government and 104 school districts in Kentucky are participating in the program.

Ms. Olds spoke about expenditures by function at local school districts and said the largest amount of funding went toward classroom instruction. In 2004, instruction made up 49.7 percent of total spending and by 2013, the percent of spending declined to 43.3. The decline in spending for instruction over the past ten years is due to school districts spending more money on debt service. In 2004, debt service spending was at 4.8 percent and increased to 12.1 percent by 2013.

In response to Representative Rita Smart's question regarding the increase in debt service, Ms. Olds said the cost of school supplies and the cost of renovation to schools have gone up tremendously over the past ten years.

Chairman Mike Wilson said construction costs have gone up significantly over the last ten years and that can contribute to the increase in debt service spending.

In response to Senator Alice Forgy Kerr's question regarding the categories of expenditures by function, Ms. Olds said student support are the staff that help student learning without being in the classroom; instructional staff support are the staff like librarians, and guidance counselors; district administration includes board of education members and school superintendents; school administration are principals; business support is the finance staff including payroll; plant operations is maintenance workers and custodians; transportation is bus drivers and expenses for the buses; food service is the cooks and food that is purchased for the cafeteria; other noninstructional is community service and adult education; and facilities and construction are schools being built and maintained.

Representative Derrick Graham said from 2004 to 2013, the population of students in school districts has increased which can lead to an increase in funding for classroom instruction and debts service.

Ms. Olds spoke about per-pupil current expenditures from Kindergarten to grade 12 and said average daily attendance was used for pupil count, not school enrollment. Instruction was the largest expense in 2013, costing \$4,760 per pupil. Plant operations was the second largest expense costing districts \$884 per pupil.

In response to Senator David Givens's question regarding money being backed out per pupil, Ms. Olds said page 54 of the report shows the total expenditure of students along with per pupil.

Ms. Olds said OEA's third recommendation is that KDE should ensure that districts are coding expenditures correctly on annual financial reports.

Ms. Olds spoke about expenditures by type in local school districts and said the largest dollar increase over the past ten years was in salaries, but the largest percentage increase over the ten years was in debt service and miscellaneous. Also, employee benefits almost doubled from \$242 million in 2004, to \$471 million in 2013.

Ms. Olds said OEA's fourth recommendation is that districts should ensure that they are not violating KRS 160.280 for per diem payments for board members, and should update their board policies to conform with statutory requirements.

Ms. Olds said over the past ten years, increases in school districts' share of retirement benefits have greatly increased. In 2004, districts were paying \$24.5 million for the employers' portion of teachers' retirement for federally funded employees. In 2011, school districts began contributing 0.25 percent of KTRS retiree medical insurance fund and by 2016, the medical insurance fund will top out at a three percent rate. In 2013, the school districts were sharing responsibility along with what they were already paying for the federally funded positions. Ms. Olds said each school district is responsible for paying all of classified employees' retirement.

Ms. Olds said in 2004, school districts received \$441 million to educate special education students but spent \$456 million. In 2013, school districts received \$566 million for special education but spent \$697 million.

In response to Senator David Givens's question regarding local revenue in special education, Ms. Olds said the revenues and expenses shown on the graph do not show local revenue, and the gap between the two is made up by local funds.

In response to Representative Graham's question regarding Title I funding, Ms. Olds said Title I funds are used to support students on free or reduced lunches.

Ms. Olds said the revenue for transportation at local school districts over the past ten years has not changed much while the expenses in transportation over the same time have increased immensely. In 2004, school districts were expending \$56 million more on transportation than what was received. By 2013, that amount had doubled.

In response to Representative Rita Smart's question regarding funding for school districts that do not provide transportation, Ms. Olds said school districts that do not provide transportation do not receive funds.

In response to Senator Alice Forgy Kerr's question regarding school districts that do not provide transportation and how it affects school attendance, Ms. Olds said the law does not state that a district has to provide transportation. She does not know how it affects school attendance but that would be something she would research.

In response to Senator David Givens's question

regarding revenue sources for transportation, Ms. Olds said the majority of the revenue comes from the state.

Representative Derrick Graham said independent school districts usually choose not to provide transportation because the location of the school and students residence makes it easy for students to walk or take a city bus to school.

Ms. Olds said student/staff ratios included Kindergarten through grade 12 teachers and the ratios were based on membership at the end of the school year, not average daily attendance. During the past ten years, the student population grew per staff and classified staff grew as well.

In response to Senator David Givens's question regarding the number of teachers at the end of the school year, Ms. Olds said teachers were only reported once a year on professional staff data forms sent to KDE by October 1st of each school year.

In response to Chairman Mike Wilson's question regarding teachers' aides, Ms. Olds said teachers' aides are considered classified staff.

Ms. Olds said OEA's fifth recommendation is that KDE and Jefferson County Public Schools (JCPS) should work together to ensure JCPS chart of accounts is set up correctly in MUNIS. This will ensure data is pulled correctly into KDE's professional staff data and classified staff data module.

In response to Chairman Mike Wilson's question regarding MUNIS, Ms. Olds said MUNIS is the financial accounting system that all school districts are required to use.

In response to Senator Alice Forgy Kerr's question regarding JCPS not setting up their chart of accounts correctly, Ms. Olds said JCPS sets up their payroll differently than all the other school districts which does not correlate with how the MUNIS system works.

Ms. Olds said in 2004, the staff to administrator ratio for an average district was 21.24 and dropped to 20 by 2013. However, in 2013, the school districts with the fewest administrators relative to staff had 39 staff for every administrator while the lowest district had fewer than six staff per administrator.

In response to Chairman Mike Wilson's question regarding a student to administrator ratio, Ms. Olds said that ratio was not included in the report, but she could provide that information to the committee at a later date.

In response to Senator David Givens's question regarding what creates the huge disparity in the highest to lowest staff to administrators ratio in school districts, Ms. Olds said the size of smaller school districts compared to larger school districts creates a huge disparity in staff to administrator ratios.

Ms. Olds said OEA's final recommendation is that KDE should review the non-academic reporting requirements to ensure certified and classified staff are reported correctly to the US Department of Education.

Acceptance of Office of Education Accountability Report

Upon motion from Senator Alice Forgy Kerr, seconded by Representative Rita Smart, OEA's

report as amended was accepted by voice vote.

Other Business

Chairman Mike Wilson said the next EAARS meeting will be December 10th and at that time the committee will give final approval for OEA's Research Agenda for 2015.

With no further business before the committee, the meeting adjourned at 12:03 p.m.

TOBACCO SETTLEMENT AGREEMENT FUND OVERSIGHT COMMITTEE

Minutes

December 3, 2014

Call to Order and Roll Call

The meeting of the Tobacco Settlement Agreement Fund Oversight Committee was held on Wednesday, December 3, 2014, at 10:00 AM, in Room 129 of the Capitol Annex. Representative Wilson Stone, 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 Jimmy Higdon, Dennis Parrett, Robin L. Webb, and Whitney Westerfield; Representatives Mike Denham, Tom McKee, Terry Mills, Ryan Quarles, and Jonathan Shell.

Guests: Roger Thomas, Joel Neaveill, Bill McCloskey, Angela Blank, Beth Herbert, and Brian Murphy, Governor's Office of Agricultural Policy; Brigitte Ramsey, Prichard Committee for Academic Excellence; Scott Lockard and Melissa Sparks, Clark County Public Health Department; and Josh and Audra Hisle.

LRC Staff: Lowell Atchley, Kelly Ludwig, and Kelly Blevins.

The November 5, 2014, minutes were approved, without objection by voice vote, upon a motion by Senator Hornback and second by Representative Mills.

Governor's Office of Agricultural Policy

Before reporting project decisions to the committee, Mr. Roger Thomas, Executive Director, Governor's Office of Agricultural Policy (GOAP), updated the committee on some personnel changes at the agency.

Co-Chairs Stone and Hornback discussed with Mr. Thomas the services rendered by GOAP staff to Kentucky farming communities and the impact of the tobacco settlement funds on the state's farm economy. Farm cash receipts totaled almost \$6 billion in 2013. Mr. Thomas described the scope of the tobacco economy in the late 1990s compared to now and suggested that the growth in the agricultural economy could be attributable to the tobacco settlement funds put into farm diversification.

Mr. Joel Neaveill, Chief of Staff, GOAP, summarized the Agricultural Development Board's (ADB) funding decisions made during the board's November meeting. He summarized the funding approvals by the board at the previous month's meeting under the County Agricultural Improvement, Deceased Farm Animal Removal, and

Shared-use Equipment programs.

Responding to Representative Stone, the GOAP officials described the Kentucky Ketch Inc. program administrator in Clay County as an agricultural advancement organization in that county.

The statewide or regional projects receiving ADB funding approvals were: Pleasureville Economic Development Council, which received \$11,500 in state and local tobacco funds to renovate and equip a year-round farmer's market facility in Henry County; Owen County 4-H Club Council, \$15,000 to establish a cost-share livestock program for young people; Logan County Agricultural Extension Foundation, \$8,385 to upgrade a multipurpose agricultural arena; McCreary County Soil Conservation District, \$6,300 to build a shared-use equipment/farmers market facility.

Senator Parrett described the Pleasureville endeavor as a "perfect" project because of the farmer's market. He emphasized the impact on farmer's markets on public health. Later, he described farmer's market days as social events in communities. Mr. Thomas mentioned the impact that the Department of Agriculture's Kentucky Proud program in providing opportunities for farmers.

Representative Quarles noted the appreciation of Owen County citizens for the funds granted that project.

The GOAP representatives described in greater detail for Representative Denham the Logan County agricultural arena project. Representative Stone noted the facility is used for many types of events, but primarily livestock-related.

Health Access Nurturing Development Services (HANDS)

Ms. Brigitte Ramsey, Associate Executive Director, Prichard Committee for Academic Excellence, Mr. A. Scott Lockard, Public Health Director, Clark County Health Department, Ms. Melissa Sparks, Home Visitor, Clark County Health Department, and parents, Josh and Audra Hisle, discussed aspects of the Health Access Nurturing Development Services (HANDS) program.

Ms. Ramsey described the mission of HANDS, a voluntary statewide home visitation program to provide assistance to at-risk parents during the prenatal period until the child's third birthday.

Mr. Lockard talked about his long association with HANDS and reviewed for the committee the goals of the program, its funding, what HANDS home visitors focus on, numbers of services, assessments, and home visits made. A recent evaluation showed the program had improved maternal outcomes and child outcomes.

Ms. Sparks discussed her work at a home visitor and the goal of linking families with young children with the many services available.

The Hisles talked about what HANDS has meant to their family and to their son, who has succeeded in preschool and kindergarten because of the program.

Responding to Co-Chair Stone, Ms. Ramsey pointed to some of the data showing activities in the HANDS program in FY 2014 and

throughout the years beginning in FY 2000. A total of 8,517 families received services through HANDS in FY 2014.

In answer to Representative McKee, Mr. Lockard described their HANDS outreach efforts. According to his testimony, the Clark County Health Department has several partnerships with other health agencies and hospitals.

Mr. Lockard described monitoring systems to Senator Webb. Technical specialists conduct site visits to check best practices and outreach.

Responding to Senator Webb about those areas in which high-risk families and children are located, he said public health attempts to allocate resources to communities that are in need. Many times the stress of parenting can be experienced by anyone.

In answer to Senator Webb, Ms. Beth Jurek, Office of Policy and Budget, Cabinet for Health and Family Services, explained the funding streams for HANDS, which consist mostly of tobacco settlement and Medicaid dollars. Ms. Jurek mentioned the Legislature appropriated funds to enable the program to expand its outreach to include the second and third child of clients.

Documents distributed during the committee meeting are available with meeting materials in the LRC Library. There being no further business, the meeting was adjourned.

GOVERNMENT CONTRACT REVIEW COMMITTEE

Committee Minutes

December 9, 2014

Call to Order and Roll Call

The Government Contract Review Committee met on Tuesday, December 9, 2014, at 10:00 AM, in Room 131 of the Capitol Annex. Representative Dennis Horlander, 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 Jesse Crenshaw.

Guests: Tim Hubbard, John Maddy, Russ Salsman, Bobby Russell, Tom Stratton, Walter Hulette, Anthony Leachman, Paul Gannoe, Jennifer Linton, Tim Pollard, Jamie Link, Alston Kerr, Steve Mason, Kirk Pomper, Maifan Silitonga, Stephanie Bell, Jeff Derouen, Jeff Strunk, Larry Blake, Jennifer Smith, Adam Emberton, David Gayle, Todd Trapp and Kevin Newton.

LRC Staff: Daniel Carter, Jarrod Schmidt and Jennifer Wilson.

RESOLUTIONS

Committee Analyst Daniel Carter read a resolution honoring Representative Jesse Crenshaw. Senator Carroll moved to adopt the resolution. The resolution was adopted.

Committee Analyst Daniel Carter read a resolution for Co-Chair Sara Beth Gregory. Senator Hornback moved to adopt the resolution. The resolution was adopted.

A motion was made by Senator Carroll to approve Minutes of the November 2014, meeting of the committee. Senator Hornback seconded the motion, which passed without objection.

A motion was made by Senator Carroll to consider as reviewed the Personal Service Contract List, with exception of those items selected for further review by members of the committee. Senator Gregory seconded the motion, which passed without objection.

A motion was made by Senator Carroll to consider as reviewed the Personal Service Contract Amendment List, with exception of those items selected for further review by members of the committee. Senator Gregory seconded the motion, which passed without objection.

A motion was made by Senator Carroll to consider as reviewed the Memoranda of Agreement List, with exception of those items selected for further review by members of the committee. Senator Gregory seconded the motion, which passed without objection.

A motion was made by Senator Carroll to consider as reviewed the Memoranda of Agreement Amendment List, with exception of those items selected for further review by members of the committee. Senator Gregory seconded the motion, which passed without objection.

A motion was made by Senator Carroll to consider as reviewed the Correction List. Senator Gregory seconded the motion, which passed without objection.

THE FOLLOWING PERSONAL SERVICE CONTRACTS WERE

REVIEWED WITHOUT OBJECTION:

DEPARTMENT FOR BEHAVIORAL HEALTH, DEVELOPMENTAL AND INTELLECTUAL DISABILITIES:

Guardian Healthcare Providers, 1500000793; Crown Services, Inc., 1500000794; LabCorp, 1500000884.

EDUCATION, DEPARTMENT OF:

The Hanover Research Council, LLC, 1500000889.

EDUCATIONAL TELEVISION,

KENTUCKY:

Teresa J. Moore, 1500000927.

ENVIRONMENTAL EDUCATION

COUNCIL:

KAEE, 1500000790.

FINANCE AND ADMINISTRATION

CABINET:

Goldberg Simpson, LLC, 1500000926.

FINANCE AND ADMINISTRATION

CABINET - DIVISION OF ENGINEERING:

John L. Carman and Associates, Inc., 1500000847; Paladin, Inc., 1500000921; Omni Architects, 1500000941.

MURRAY STATE UNIVERSITY:

RubinBrown, LLP, 018-15.

NORTHERN KENTUCKY UNIVERSITY:

RuffaloCody, LLC, S745-15.

TRANSPORTATION CABINET:

Stantec Consulting Services, Inc., 1500000902; H W Lochner Consulting, Inc., 1500000904.

UNIVERSITY OF KENTUCKY:

Lord, Aeck & Sargent, Inc., A151160; Philips Healthcare, K15-213; Xerox Consultant Company, Inc., K15-214; John A. L. Campbell, Ph.D., K15-215; hyperCision Consulting, K15-216; Boice Enterprises LLC, d/b/a bolce.net, K15-217; MB Partner Associates, Spandex City, LLC, K15-218; Phoenix Business Consulting, K15-219.

UNIVERSITY OF LOUISVILLE:

Western Institutional Review Board, Inc., 15-106; Rosser International, 15-108.

THE FOLLOWING PERSONAL SERVICE AMENDMENTS WERE

REVIEWED WITHOUT OBJECTION:

ADMINISTRATIVE OFFICE OF THE

COURTS:

Little Mendelson, 1400003830.

DEPARTMENT FOR COMMUNITY BASED

SERVICES:

Child Care Council of Kentucky, 1400001229; Seven Counties Services, Inc., 1400001298.

DEPARTMENT FOR INCOME SUPPORT:

Lifesafe Services, LLC, 1500000034.

DEPARTMENT FOR PUBLIC HEALTH:

Kentucky Rural Health Association, 1400001807.

FINANCE AND ADMINISTRATION

CABINET - DIVISION OF ENGINEERING:

Omni Architects, 0700003255; Schnabel Dam Engineering, Inc., 1200002448; Architectural Investment, 1400000003; Paladin, Inc., 1400001412; Omni Architects, C-05256615.

MURRAY STATE UNIVERSITY:

Sherman Carter Barnhart, PSC, 019-14; Hastings & Chivetta, Inc., 020-14.

NORTHERN KENTUCKY UNIVERSITY:

Isaacson Miller, Inc., 2014-675.

TRANSPORTATION CABINET:

H W Lochner Consulting, Inc., 1300000188; H W Lochner Consulting, Inc., 1300000191; H W Lochner Consulting, Inc., 1300000204; H W Lochner Consulting, Inc., 1300000210; Bureau Veritas Company, 1300000345; HDR Engineering, Inc., 1300001218; Parsons Brinckerhoff, Inc., 1300001224; Stantec Consulting Services, Inc., 1300001652; Stantec Consulting Services Incorporated, 1300001721; Stantec Consulting Services, Inc., 1300002846; Collins Engineers, Inc., 1300003121; HMB Professional Engineers, Inc., 1400000389; J M Crawford and Associates, Inc., 1400000398; Occunet by OHRC, Inc., 1400002433; Palmer Engineering Company, C-00124800-5.

UNIVERSITY OF KENTUCKY:

Ross Tarrant Architects, Inc., A131170; CMTA, Inc., A141140; Ekhooff, Ochenkoski, Polk Architects, A141220; GBBN, A151070; Aon Risk Services Central, Inc., K15-151.

WESTERN KENTUCKY UNIVERSITY:

Murphy & Graves Architects, 141610.

WORKFORCE INVESTMENT, OFFICE OF:

Maher & Maher, 1400003198.

THE FOLLOWING MEMORANDA OF

AGREEMENTS WERE

REVIEWED WITHOUT OBJECTION:

DEPARTMENT FOR AGING &

INDEPENDENT LIVING:

Bluegrass Regional Mental Health Mental Retardation, 1500000900.

EDUCATION, DEPARTMENT OF:

Walton Verona Independent Board of Education, 1500000421; KET Foundation, 1500000745; Campbell County Board of Education, 1500000807; Webster County Board of Education, 1500000809; Bethune Institute, 1500000924.

INFRASTRUCTURE AUTHORITY:

City of Morganfield, 1500000936.

MILITARY AFFAIRS, DEPARTMENT OF:

Multi, 1500000688.

OFFICE OF THE GOVERNOR,

DEPARTMENT FOR LOCAL GOVERNMENT:

University of Louisville Research Foundation, 1500000737; Lexington Fayette Urban County Government, 1500000908; City of Richmond, 1500000937; Hopkins County Fiscal Court, 1500000945; City of Morehead, 1500000951; Housing Authority of Bowling Green, 1500000971; Garrard County Fiscal Court, 1500000975.

THE FOLLOWING MEMORANDA OF AGREEMENT AMENDMENTS

WERE REVIEWED WITHOUT

OBJECTION:

AGRICULTURE, DEPARTMENT OF:

Multi, 1300001593; Multi, 1300001595; Multi, 1400001677.

CORRECTIONS, DEPARTMENT OF:

Bluegrass Regional MHMR Board, Inc., 1400002351; Communicare, Inc., 1400002649; Adanta Group, 1400002650; Comprehend, Inc., 1400002651; Cumberland River Comprehensive Care Center, 1400002666; Kentucky River Community Care, 1400002788; Lifeskills Corporation Offices, 1400002789; Northkey Community Care, 1400002792; Pathways, Inc., 1400002793; Pennyroyal Mental Health Mental Retardation Board, 1400002794; River Valley Behavioral Health, 1400002884; Seven Counties Services, Inc., 1400003250.

DEPARTMENT FOR AGING &

INDEPENDENT LIVING:

Multi, 1400001161; Multi, 1400001168; NKCES, 1400001169; Multi, 1400003278.

DEPARTMENT FOR BEHAVIORAL

HEALTH, DEVELOPMENTAL AND

INTELLECTUAL DISABILITIES:

Four Rivers Behavioral Health, 1400000851; Pennyroyal Mental Health, 1400000852; Green River Regional Mental Health Mental Retardation Board d/b/a Rivervalley Behavior, 1400000853; Lifeskills, Inc., 1400000854; Communicare, Inc., 1400000855; Seven Counties Services, 1400000856; Northern Kentucky Regional Mental Health Mental Retardation Board, 1400000857; Comprehend Inc., 1400000858; Pathways, Inc., 1400000859; Mountain Comp Care Center, 1400000860; Kentucky River Community Care, 1400000861; Cumberland River Behavioral Health, Inc., 1400000862; Lake Cumberland Mental Health Mental Retardation Board d/b/a The Adanta Group, 1400000863; Bluegrass Regional Mental Health Mental Retardation, 1400000864.

DEPARTMENT FOR COMMUNITY BASED

SERVICES:

Eastern Kentucky University, 1400001493; Kentucky Housing Corporation, 1400001494; Kentucky Coalition Against Domestic Violence, Inc., 1400001749; Maryhurst, Inc., 1400001761.

DEPARTMENT FOR FAMILY RESOURCE CENTERS & VOLUNTEER SERVICES:
Barren County Board of Education, 1400003349.

DEPARTMENT FOR PUBLIC HEALTH:
Cancer Survivors Against Radon, Inc., 1400001643; Eastern Kentucky University, 1400001656.

DEPARTMENT OF ENERGY DEVELOPMENT AND INDEPENDENCE:
National Energy Education Development Project, 1400002752.

EDUCATION, DEPARTMENT OF:
Kentucky Valley Education, 1400003616; Northern Kentucky Cooperative for Educational Services, Inc., 1400003617; NKU Research Foundation, 1500000270.

KY STATE NATURE PRESERVES COMMISSION:
Nature Conservancy, 1400001983.

OFFICE OF THE GOVERNOR, DEPARTMENT FOR LOCAL GOVERNMENT:
City of Burgin, 1500000842.
WORKFORCE INVESTMENT, OFFICE OF:
Council on Developmental Disabilities, Inc., 1400002599; Barren River Area Development District, 1400002814; Bluegrass Area Development District, 1400002818; Bluegrass Area Development District, 1400002845; Barren River Area Development District, 1400002847.

THE FOLLOWING PERSONAL SERVICE CONTRACTS WERE SELECTED FOR FURTHER REVIEW:
DEPARTMENT FOR ENVIRONMENTAL PROTECTION:

Terry Gray, 1500000850. Tim Hubbard and John Maddy 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.

EDUCATION, DEPARTMENT OF:
Marsha Yvette Gerton, 1500000960. Tom Stratton and Walter Hulette 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.

FAIR BOARD:
Conventions Sports & Leisure International, LLC, 1500000768. Anthony Leachman 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.

FINANCE AND ADMINISTRATION CABINET - DIVISION OF ENGINEERING:
K. Norman Berry Associates, 1500000668. Paul Gannoe and Jennifer Linton 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.

HORSE PARK, KENTUCKY:

James W. Link, 1500000969. Jamie Link, Tim Pollard and Alston Kerr discussed the contract with the committee. A motion was made by Senator Carroll to defer the contract to the January meeting of the committee. Senator Hornback seconded the motion, which passed with Representative Crenshaw electing to abstain (pass).

HORSE PARK, KENTUCKY:
Upper Right Marketing, 1500000973 Jamie Link, Tim Pollard and Alston Kerr discussed the contract with the committee. A motion was made by Senator Carroll to consider the contract as reviewed. Senator McDaniel seconded the motion, which passed.

KENTUCKY STATE UNIVERSITY:
Advancing Sustainable Aquaculture Performance, LLC, 15-17. Steve Mason, Kirk Pomper and Maifan Silitonga discussed the contract with the committee. A motion was made by Senator Carroll to consider the contract as reviewed. Representative Crenshaw seconded the motion, which passed.

KY PUBLIC SERVICE COMMISSION:
QK4, 1500000825; Accion Group, Inc., 1500000826. Stephanie Bell and Jeff Derouen discussed the contracts with the committee. A motion was made by Senator Gregory to consider the contracts as reviewed. Senator Carroll seconded the motion, which passed.

NORTHERN KENTUCKY UNIVERSITY:
CO Architects, 680-16. Larry Blake and Jeff Strunk 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.

WESTERN KENTUCKY UNIVERSITY:
Adelphi Technology, Inc., PS141527. Jennifer Smith and Adam Emberton 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.

THE FOLLOWING MEMORANDA OF AGREEMENT AMENDMENTS WERE SELECTED FOR FURTHER REVIEW:
DEPARTMENT FOR COMMUNITY BASED SERVICES:

Community Action Kentucky, Inc., 1400001443. David Gayle, Todd Trapp and Kevin Newton 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.

OFFICE OF THE GOVERNOR, DEPARTMENT FOR LOCAL GOVERNMENT:
Marshall County Fiscal Court, 1000001167; City of Mt. Sterling, 1100000700; Jackson County Fiscal Court, 1100002329; City of Paducah, 1100002622; City of Richmond, 1100002699; Todd County Fiscal Court, 1100002901; City of Brooksville, 1100003164; Muhlenberg County Fiscal Court, 1200000169; City of Beaver Dam, 1200000619; Newport Historic Preservation Commission, 1200001538; City of Prestonsburg, 1200002606; City of Salt Lick, 1200002608; City of Mortons Gap, 1200002853; Christian County

Fiscal Court, 1200002957; City of Campbellsville, 1300000022; City of Berea, 1300000547. Russ Salsman and Bobby Russell discussed the contracts with the committee. A motion was made by Senator Carroll to consider the contracts as reviewed. Senator Gregory seconded the motion, which passed.

THE FOLLOWING MEMORANDUM OF AGREEMENTS FOR \$50K AND UNDER WERE SELECTED FOR FURTHER REVIEW:

Woodford County Fiscal Court, 1500000806. Russ Salsman and Bobby Russell 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.

EXEMPTION REQUEST:
ENERGY AND ENVIRONMENT CABINET:

The Energy and Environment Cabinet requested an exemption from the two year contracting restrictions and an exemption from the committee's routine review process for Division of Abandoned Mine Lands Waterline Memoranda of Agreements. A motion was made by Senator Gregory to grant the request to December 31, 2015. Senator McDaniel seconded the motion, which passed.

OFFICE OF HOMELAND SECURITY:
The Office of Homeland Security, Commercial Mobile Radio Service Telecommunications Board (CMRS) requested an exemption from the committee's routine review process for all purchase orders issued as instruments of obligation for grant funds and an exemption from two year contracting restrictions. A motion was made by Senator Gregory to grant the request to December 31, 2015. Senator McDaniel seconded the motion, which passed.

DEPARTMENT OF MILITARY AFFAIRS, OFFICE OF THE ADJUTANT GENERAL:
Department of Military Affairs, Office of the Adjutant General requested an exemption from the committee's routine review process for federally funded Chemical Stockpile Emergency Program (CSEPP) agreements, and FEMA funded MOA's and grants for declared emergencies. A motion was made by Senator Gregory to grant the request to December 31, 2015. Senator McDaniel seconded the motion, which passed.

With no further business before the committee, the meeting was adjourned at 11:30 a.m.

PROGRAM REVIEW AND INVESTIGATIONS COMMITTEE Minutes

December 16, 2014

Call to Order and Roll Call

The Program Review and Investigations Committee met on Tuesday, December 16, 2014, at 10:00 AM, in Room 131 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; Representative Martha Jane King, Co-Chair; Senators Tom Buford, Perry B. Clark, Ernie Harris, Jimmy Higdon, Dorsey Ridley, and Dan “Malano” Seum; Representatives Jim DeCesare, David Meade, Terry Mills, Rick Rand, and Arnold Simpson.

Legislative Guests: Senator Chris Girdler.

Guests: Larry L. Roberts, Secretary, and Anthony Russell, Commissioner of Workplace Standards, Labor Cabinet; Bryanna Carroll, Governmental Affairs Advocacy Manager, Kentucky League of Cities; and Wilson Sears, Kentucky Association of School Superintendents.

LRC Staff: Greg Hager, Committee Staff Administrator; Christopher Hall; Colleen Kennedy; Van Knowles; Jean Ann Myatt; William Spears; Shane Stevens; Joel Thomas; and Kate Talley, Committee Assistant.

Minutes for November 13, 2014

Upon motion by Representative DeCesare and second by Senator Harris, the minutes for the November 13, 2014, meeting were approved by voice vote, without objection.

Selection of Study Topics for 2015

Senator McDaniel moved to select three topics for study by staff:

reformulated fuel pricing;

the Kentucky Law Enforcement Foundation Program; and

statutory requirements that cities, counties, school boards, and other entities post information in local newspapers.

Senator Harris seconded the motion and the topics were approved by roll call vote.

Representative King moved to select three additional topics for study by staff:

the feasibility and potential savings of moving medical prisoners to secured facilities;

raising the minimum wage; and

leaseback deals, the request for proposals process and single-provider contracts

Representative Mills seconded the motion and the topics were approved by roll call vote.

Staff Report: *How Kentucky's Prevailing Wage Laws Affect Public Construction*

Mr. Clark said that Kentucky's prevailing wage laws require that contractors pay workers at least the prevailing wage on state government, local government, and school public works projects estimated to cost more than \$250,000. He gave examples of required base wages and fringe benefits for different classifications of workers. Prevailing wage rates are set by the Labor Cabinet's Department of Workplace Standards. For non-transportation projects, the department uses federal prevailing wage rates in 36 counties. The department sets rates in districts encompassing the remaining 84 counties. Based on a review of determinations in four localities, the department sets prevailing wage rates according to statute, and the process is well documented. As part of the rate determination process, the department holds a hearing in the locality. Contractors and union representatives may submit wage data on public projects, reasonably comparable private projects, and collective bargaining agreements in the locality. If a majority of workers are paid the same wage,

that wage is used as the prevailing wage. If not, the department calculates a weighted average. For wage determinations in which a new prevailing wage rate was set over a 1-year period analyzed for the report, only union wage data were submitted in 98 percent of cases. Over a 4-year period analyzed for a 2001 Program Review report, the only data submitted were from unions in more than 60 percent of such determinations. So, in practice, prevailing wage rates are unrepresentative of local construction wages because of the overrepresentation of union wages.

Prevailing wage may increase costs by reducing flexibility to hire lower wage workers, but higher wages might be offset by hiring more productive workers. Research results are mixed on the effect of prevailing wage on construction costs, with all studies having limitations. A major issue in comparing projects subject to prevailing wage requirements to projects that are not is controlling sufficiently for other relevant factors that could affect costs. For this study, wages for workers on sampled prevailing wage projects for which work was done in 2012 or 2013 were compared to wages the same workers were paid on non-prevailing wage projects. Contractors and subcontractors provided wage data covering more than 400 workers for 12 school projects. They provided data covering more than 400 workers for 17 projects financed through the Finance and Administration Cabinet (FAC). For 60 percent of the workers on school projects, prevailing wage rates were higher than their private wages. The average difference was \$11.37 per hour. For 36 percent of workers on FAC projects, prevailing wage rates were higher than private wages. The average difference was \$8 per hour. For the remaining workers on school and FAC projects, there was no difference in prevailing wage rates and private wages. The total wage cost for school projects for which data were submitted was \$1.91 million. If the same workers' private wage rates had been paid, the cost would have been \$1.26 million. The prevailing wage cost was 51 percent higher. The total wage cost for FAC projects for which data were submitted was \$3.07 million. If the same workers' private wage rates had been paid, the cost would have been \$2.88 million. The prevailing wage cost was 6.7 percent higher. Mr. Clark noted some limitations of the study, a key one being that these differences are in wage costs, not total project costs.

It has been argued that prevailing wage might cause contractors to hire more experienced and better trained workers, which could improve construction quality and reduce long-run maintenance and repair costs. In practice, quality effects are difficult to measure, and requiring higher wages does not ensure that higher quality workers are hired. Regardless of wages paid, government agencies have procedures to monitor quality. It has also been argued that prevailing wage laws might cause contractors to hire better trained workers who will have fewer work-related injuries. There is little evidence to determine whether this occurs.

There is a trend of contractors shifting to prefabricated materials because of their lower cost. Prevailing wage laws do not apply to labor used in

prefabricated materials, so prevailing wage laws may contribute to this trend.

Some reports indicate that repealing prevailing wage laws reduces construction worker wages, which reduces economic activity and tax revenue. These reports ignore offsetting effects; lower wages are not money that is lost to the economy. Lower construction worker wages could result in savings on government construction, more spending on materials, or higher profits for contractors.

In response to questions from Representative DeCesare, Mr. Clark explained that because prevailing wage laws increase construction costs, the requirement would also increase the cost to borrow funds to finance construction projects. This issue was not specifically considered in this study. Utility projects were also not considered.

In response to a question from Representative DeCesare regarding how construction companies' profit margins might be affected if the prevailing wage statute were repealed, Mr. Clark replied that nonunion contractors would reflect the lower wage rates in their bids with no change in profit margins. Union wages are specified in long-term union collective bargaining agreements. For this reason, a change in the statute might not affect the wages that union contractors pay in the short run. Given that their wage costs would not decrease in the short run, union contractors might have to accept lower profit margins to be competitive until wages could be renegotiated.

Senator McDaniel recognized Senator Girdler as a guest.

In response to a question from Representative King, Mr. Clark said unions often submit data on wages paid by multiple contractors.

In response to a question from Representative King, Mr. Clark agreed that having more data submitted by nonunion contractors could cause the prevailing wage to be lower. It would take a concerted effort by a relatively large number of such contractors to have an effect.

In response to a question from Representative Rand, Mr. Clark said that, compared to sampled school projects, more of the Finance and Administration Cabinet projects were done using union contractors.

In response to questions from Representative Rand, Mr. Clark said that 29 school projects were sampled. For the 12 such projects for which data were submitted, 40 percent of subcontractors submitted data.

In response to a question from Representative Rand, Mr. Clark confirmed that the study focused on labor costs and did not estimate the effect of prevailing wage on the total cost of projects. Other potential factors could reduce the total cost of a project.

In response to questions from Senator Ridley, Mr. Clark said that he will provide information on the number of projects from which the sample projects were selected. As discussed in the report, sampling was done so that there would be projects of different sizes.

In response to Senator Higdon, Mr. Clark said that the report had no recommendations

because there were no problems identified with relevant state agencies' compliance with statutory requirements. The 2001 Program Review report had recommendations for the General Assembly to consider should it wish prevailing wage rates to be more representative of market wage rates.

In response to questions from Senator Seum, Mr. Clark said some states do not have prevailing wage requirements. However, projects in those states that receive federal funding would still be subject to the prevailing wage requirements of the Davis-Bacon Act. There are limitations to comparisons of projects in states with prevailing wage and states without prevailing wage. Such research has been done, but not for this report.

In response to questions from Representative Mills, Mr. Clark said that the study did not include analysis of the annualized wages of construction workers or the potential impact of prevailing wage on the number of undocumented workers.

Secretary Roberts and Commissioner Russell appeared before the committee.

Mr. Russell described how the Department of Workplace Standards is organized. He noted that the data submitted for the study were confidential and not available to the cabinet for review. Despite a 40 percent cut in staff, the department, as noted in the report, is following the statutory requirements related to prevailing wage.

In response to a question from Senator Seum regarding notifications of prevailing wage hearings, Mr. Russell said that a notice is placed in the largest newspaper in the area 10 to 20 days prior to the hearing. Electronic mailings are sent to those who have elected to receive them. Electronic notices are also posted on trade organizations' websites.

Secretary Roberts said that the issue is not union versus nonunion workers, it is high-wage/high-skill versus low-wage/low-skill workers. The majority of evidence from research projects is that prevailing wage does not affect construction cost. Prevailing wage encourages more education and training. The report does not address the total costs of projects.

The Labor Cabinet determines the prevailing wage for 84 counties. On average, wages are submitted for only 30 percent of classifications. Given that 70 percent of classifications have no submitted data, it should be easy for contractors to submit data and affect wages. When comparing the wages of a worker, one must consider factors other than wages. For example, workers can be organized differently to be more productive.

The data provided for workers on private projects are not certified. There is a concern as to whether contractors submitted accurate wage data. Higher wage workers are more productive, which should be considered when discussing prevailing wage. The small sample size is a concern.

In response to a question from Senator McDaniel, Mr. Roberts was unsure why higher wages related to higher quality is not apparent in the private sector.

In response to a question from Representative DeCesare regarding how many nonunion contractors participate at prevailing wage hearings, Mr. Roberts

said that there were few during the time period of the study.

In response to questions from Representative DeCesare, Mr. Roberts explained that jobs are classified as highway, heavy, or building construction. City parks that do not include buildings would likely be classified as heavy construction.

Representative DeCesare commented that it is unfair to say the private sector contractors who participated in the study were not acting with integrity in submitting data.

In response to questions from Senator Clark, Mr. Clark reiterated that sample size is an important issue. Gathering this type of data is very labor intensive. During the time period covered in both Program Review studies, the majority of data for determinations was submitted by union contractors.

Mr. Clark said that in reviewing the literature on prevailing wage, it is important to consider the quality of research, not the quantity. The incentive to pay higher wages to get increased productivity exists with or without prevailing wages.

In response to a question from Representative Rand, Mr. Clark said that the report did not indicate what percentage of school project costs was labor. The Kentucky Department of Education estimated 50 percent at the time of the 2001 study and 38 percent more recently.

Mr. Roberts said that labor represents 21 percent of total costs for projects in Kentucky. He can provide more information on this.

Bryanna Carroll and Wilson Sears appeared before the committee.

Ms. Carroll said that the Kentucky League of Cities (KLC) is aware of the impact prevailing wage laws have on increasing the costs of public construction. A 2006 study from the Kentucky Governor's Office for Policy Research concluded that prevailing wage laws can cost cities and other local governments 18 to 30 percent more on construction projects than a comparable project completed by entities not subject to prevailing wage laws.

KLC's board of directors has since had a long-standing policy to advocate for the repeal of the existing prevailing wage laws or a significant amendment of the laws that would raise the threshold and the manner in which prevailing wage rates are calculated. The issue is again one of the top initiatives of KLC's 2015 legislative agenda. KLC estimates that cities would save approximately \$16.9 million annually on public construction costs if the prevailing wage law was repealed based on the findings of the 2001 and 2014 Program Review reports.

Ms. Carroll explained that expenditures continue to rise for 911 emergency services, sanitation services, and infrastructure. Although workers' wages would likely decrease if prevailing wage were repealed, the savings would be spent in other ways to generate economic activity and tax revenue.

Mr. Sears explained that superintendents have long had issues with prevailing wage. They operate

on the assumption that costs will be 17 to 21 percent higher with prevailing wage.

Representative Rand asked Mr. Sears whether superintendents, when getting bids for projects, ask contractors to estimate what non-prevailing wage costs would be. Mr. Sears said that they did not. Representative Rand asked how superintendents could know what the additional project cost would be because of prevailing wage requirements. Mr. Sears said that superintendents base their assumption of higher costs on the information in the report from the governor's office.

Representative Rand commented that this study reflects a policy question the General Assembly must ultimately decide. He noted that the General Assembly recently gave a tax credit to the bourbon industry, which is thriving. He advocated that repealing the prevailing wage law would mean taking money from working people. The best way to get money into the economy is to put it into the hands of working people.

Mr. Sears said that he agreed with paying workers what they are worth. It is a question of how best to spend taxpayer money.

Senator McDaniel said that Representative Rand was badgering the witness and was out of order.

Representative Rand said that he was just trying to get information. He repeated his view that this is a policy issue for the General Assembly to address.

Representative DeCesare commented that cost comparisons can be done using periods of time when prevailing wage was not required or by looking at states that do require prevailing wage.

Upon motion by Senator Harris and second by Senator Higdon, a roll call vote was requested to approve the report. It was not approved.

Five members of the committee explained their "no" votes. Senator Clark noted that the report did not examine total project costs. Senator Ridley said that the sample sizes of projects were small and submitted wage information was not verifiable. The Commonwealth is better served with prevailing wage. Representative Mills said that wages have been stagnant and reducing workers' income affects children and families. Representative Simpson said that the small sample size is an issue. He would like data from states repealing prevailing wage. Representative King said the sample data were inconclusive.

The meeting adjourned at 12:01 PM.

2015 Prefiled Bills

BR 2 - Representative Reginald Meeks (12/11/14)

A CONCURRENT RESOLUTION establishing the Gun Safety and Violence Prevention Task Force.

Request that the Legislative Research Commission create the Gun Safety and Violence Prevention Task Force to study public safety, public protection, and gun safety issues.

(Prefiled by the sponsor(s).)

BR 4 - Representative Reginald Meeks (11/17/14)

AN ACT relating to DNA.

Amend KRS 17.169 to include local law enforcement as persons authorized to collect DNA samples; amend KRS 17.170 to provide for the collection of DNA samples at arrest or initial appearance from all persons charged with a felony offense; amend KRS 17.175 to provide for expungement of DNA samples in specified circumstances and allow use of all samples collected in good faith; amend KRS 64.060 to establish a \$5 payment from the State Treasury to the collecting agency for each DNA sample collected.

(Prefiled by the sponsor(s).)

BR 7 - Representative Kelly Flood (05/30/14)

AN ACT relating to public benefit corporations.

Amend KRS 14A.3-010, 271B.1-400, 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).)

To: Interim Joint Committee on Judiciary

BR 11 - Representative Diane St. Onge (06/04/14)

AN ACT relating to drone surveillance.

Create a new section of KRS Chapter 500 to define “drone”; 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 13 - Representative Diane St. Onge (12/11/14)

AN ACT relating to Gold Star Siblings license plates.

Amend KRS 186.162 to create a Gold Star Siblings license plate with the same fees as the I Support Veterans plate; amend KRS 186.164 to set forth eligibility requirements; EFFECTIVE 1/1/2016.

(Prefiled by the sponsor(s).)

BR 14 - Representative Diane St. Onge (06/04/14)

AN ACT relating to preserving the right of Kentuckians to own and use firearms.

Create new sections of KRS Chapter 237 to declare legislative intent; invalidate and nullify all federal laws and regulations restricting ownership or possession of firearms; direct the General Assembly to take all appropriate action to safeguard Kentuckian’s rights to possess firearms in accordance with the second Amendment to the Constitution of the United States and Section 1 of the Constitution of Kentucky; amend KRS 527.040 to add persons who have been dishonorably discharged from the Armed Forces of the United States and persons illegally or unlawfully in the United States to the list of persons who shall not possess firearms.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Judiciary

BR 19 - Senator Gerald A. Neal (07/16/14)

AN ACT relating to the abolition of the death penalty.

Create a new section of KRS Chapter 532 to abolish the death penalty and replace it with life imprisonment without parole for inmates presently sentenced to death; amend various sections of the Kentucky Revised Statutes to eliminate the term “capital offense” and replace it with Class A felony; amend KRS 532.030, relating to authorized dispositions for felony offenses, to permit imprisonment for life without parole and imprisonment for life without parole for 25 years for offenses formerly denominated as capital offenses; amend KRS 533.010, relating to probation, to prohibit probation for a person sentenced to life without parole or life without parole for 25 years; amend KRS 640.040, relating to penalties for juveniles convicted of felony offenses, to authorize imprisonment for life without benefit of parole for 25 years, but not life imprisonment without benefit of parole, for a Class A felony which was formerly a capital offense; repeal various statutes relating to imposition of the death penalty.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Judiciary

BR 20 - Senator Gerald A. Neal (07/16/14)

A CONCURRENT RESOLUTION establishing the Task Force on the Costs of the Death Penalty in Kentucky.

Establish a task force to study the costs of administering the death penalty in Kentucky; establish membership of task force; provide that the task force is to study the costs to the state and local governments related to administering the death penalty in all phases of the criminal justice system and the number and outcomes of death-eligible cases; require the task force to submit a report to the Legislative Research Commission by December 1, 2015.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Judiciary

BR 21 - Senator Gerald A. Neal (07/16/14)

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 felonies designated by the General Assembly, the right to vote; submit to the voters for ratification or rejection.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Judiciary

BR 22 - Senator Gerald A. Neal (07/16/14)

AN ACT relating to offender reentry.

Amend various sections in KRS Chapter 335B relating to employment and licensure of persons convicted of crime to narrow the class of offenses to which the chapter applies; add consideration of the passage of time since the commission of the offense to the criteria considered in making licensure decisions; delete language relating to a hiring or licensing authority’s subjective view of an ex-offender’s rehabilitation; require a connection between the offense and the licensure category before a licensure denial is issued; repeal, reenact, and amend KRS 335B.060 to exempt peace officers and other law enforcement personnel as well as licensure categories preempted by federal law; repeal KRS 335B.040, relating to denial of license on ground of abuse of good moral character.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Judiciary

BR 23 - Representative Tom Burch (12/02/14)

AN ACT relating to court-ordered outpatient mental health treatment.

Amend KRS 202A.081 to require that the attorney and, if available, alternative sentencing social worker is present for a patient agreed order and allow a peer support specialist or other supportive person to be present; require the Department of Public Advocacy to assign an alternative sentencing social worker to any person under court order who shall develop a treatment plan in collaboration with a community mental health center; require the court to appoint a case management service or team employed by a community mental health center to monitor treatment adherence, report on the person's functioning, recommend community support services, and assist the person in applying for social services; require that the case management service or team is available 24/7 and adequately trained; require that providers use evidence-based practices and define the term; provide that failure to abide by the treatment plan may result in rehospitalization provided that the criteria are met, procedures are initiated via affidavit by the case management service or team, and mental health examinations take place at community mental health centers; permit up to 3 additional orders with due process; require that patient agreed order services are covered by Medicaid; require that courts report such orders to the Cabinet; and rename this commitment process a patient agreed order. Create new sections of KRS Chapter 202A to create a process for District Courts to order assisted outpatient mental health treatment; provide for transportation processes for the purposes of a mental health examination; establish eligibility and court proceedings; require a mental health examination and the development of a treatment plan; establish the process for hearings; require the court to appoint a case management team or service to monitor and report on the person under order; authorize 72-hour emergency admission for failure to comply with orders; provide for the right to stay, vacate, or modify orders; provide for a process to change a treatment plan; permit an additional period of treatment to be ordered provided certain criteria is met; and require that assisted outpatient treatment services are covered by Medicaid; amend KRS 202A.261 and 202.271 to conform.

(Prefiled by the sponsor(s).)

BR 24 - Representative Tom Burch (12/12/14)

AN ACT relating to Medicaid eligibility determinations.

Create a new section of KRS Chapter 205 to require the DMS or an MCO to process a Medicaid eligibility application within 45 days of receipt of the application; require DMS or an MCO to forward a conclusive request for verification of income by a specific deadline; require an applicant to respond within 15 days; state that if the DMS or an MCO fails

to comply with established time periods that it shall have waived the right to enforce regulations relating to spend down of excess resources and production of verification of income; once all information requested has been provided, the DMS or MCO shall make a determination within 5 days, if all information is not provided by applicant the request shall be denied; allow for the agency to terminate benefits if it later discovers information that would have resulted in a denial.

(Prefiled by the sponsor(s).)

BR 30 - Representative Diane St. Onge (07/02/14)

AN ACT relating to the valuation of motor vehicles for property tax purposes.

Amend KRS 132.485 to clarify that the "rough trade-in" value or "clean trade-in" value shall not be used to determine the standard value of a motor vehicle.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Transportation

BR 31 - Representative Diane St. Onge (07/11/14)

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 who: 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; filed an amended return with the Internal Revenue Service excluding the airline payment amount from federal gross income, received a refund of the federal income tax based upon the amended return and filed an amended return with the Department of Revenue requesting a refund, was denied a refund of Kentucky income tax based on KRS 134.580, and received a refund of the federal income tax based upon an amended return filed; require certain documentation to be filed with the amended return; allow the amended return to be resubmitted on or before December 30, 2015.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Appropriations and Revenue

BR 34 - Representative Stan Lee (08/05/14)

AN ACT relating to interscholastic extracurricular activities.

Create a new section of KRS Chapter 158 to authorize participation in a public school interscholastic extracurricular activity by a private school student when the private school does not offer the interscholastic extracurricular activity; establish criteria for participation therein.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Education

BR 35 - Senator Reginald Thomas (06/25/14)

AN ACT relating to oaths.

Amend KRS 6.072 to require witnesses appearing before a committee to take an oath prior to giving testimony.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on State Government

BR 36 - Senator Reginald Thomas (07/08/14)

AN ACT relating to general principles of justification.

Create a new section of KRS Chapter 503 to incorporate the "no duty to retreat" provisions elsewhere in the chapter; amend KRS 503.050, 503.055, 503.070, and 503.080 to require a reasonable belief that defensive force is necessary before it is justified; change the term "great bodily harm" to "serious physical injury" as used throughout the Penal Code; amend KRS 503.060 to require an initial aggressor to retreat before the use of force can be rejustified; prepal KRS 503.120.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Judiciary

BR 37 - Senator Reginald Thomas (09/12/14)

AN ACT relating to deferred deposit transactions.

Amend KRS 286.9-010, relating to deferred deposit transactions, to define "annual percentage rate," "consideration," and "interest"; amend KRS 286.9-100 to delete the service fee of \$15 per \$100 loan and establish a tiered maximum annual percentage rate based on the face amount of the deferred deposit check; provide that making a deferred deposit transaction in violation of the maximum interest provisions is an unfair, false, misleading and deceptive practice in violation of the Consumer Protection Act and subject to its rights and remedies; prohibit a licensee from engaging in deceptive practices to evade the requirements of Subtitle 9 of KRS Chapter 286; amend KRS 286.9-102 to require a licensee to conspicuously display interest charges for services; create a new section of Subtitle 9 of KRS Chapter 286 to provide that knowing violation of the maximum allowable interest rate provisions shall be deemed a forfeiture of the entire interest for the transaction and that the person who paid the interest, or his or her legal representative, may recover twice the amount paid in any action against the lender if commenced within two years of the deferred deposit transaction.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Banking and Insurance

BR 38 - Representative Rick G. Nelson (09/22/14)

AN ACT relating to mandatory prosecutorial training in driving under the influence cases.

Amend KRS 15.718 to require the Attorney General to provide mandatory training to prosecutors concerning the prohibition on the amendment of per se driving under the influence charges.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Judiciary

BR 39 - Representative Rick G. Nelson (09/22/14)

AN ACT relating to prosecutions for driving under the influence.

Amend KRS 189A.010 to require prosecuting attorneys to conduct criminal background checks on defendants prior to filing charges.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Judiciary

BR 40 - Representative Thomas Kerr (07/10/14)

AN ACT relating to grandparent visitation rights.

Repeal and reenact KRS 405.021 to grant visitation to grandparents if it is in the child's best interest based on listed factors.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Judiciary

BR 42 - Representative Joseph M. Fischer (12/12/14)

AN ACT relating to fees for special license plates.

Amend KRS 186.162, regarding fees for special license plates, to eliminate the \$5 extra fee for renewal of certain military and veteran's license plates.

(Prefiled by the sponsor(s).)

BR 55 - Representative Reginald Meeks (11/17/14)

AN ACT related to the interference of the operation of an aircraft.

Create a new section of KRS Chapter 183 to prohibit the discharging of a laser at an aircraft that is in motion; provide exemptions for operations conducted by the Federal Aviation Administration, U.S. Department of Defense, and the U.S. Department of Homeland Security; amend KRS 183.990 to establish penalties of a Class A misdemeanor for a violation or a Class D felony if the violation causes a change of course or a serious disruption that threatens the physical safety of the passengers and crew of the aircraft.

(Prefiled by the sponsor(s).)

BR 56 - Senator John Schickel (07/02/14)

AN ACT 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).)

To: Interim Joint Committee on Judiciary

BR 57 - Senator John Schickel (07/03/14)

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.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Education

BR 58 - Representative Brent Yonts (07/31/14)

AN ACT relating to the transfer of academic credit.

Amend KRS 164.2951 to require the Council on Postsecondary Education to implement a dual credit course policy; amend KRS 164.583 to require acceptance of articulated credit courses at all public colleges and universities.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Education

BR 59 - Senator Christian McDaniel, Senator John Schickel (11/20/14)

AN ACT relating to controlled substances.

Amend KRS 72.026 to increase the scope of mandatory coroner and medical examiner examinations and reporting in deaths involving a Schedule I controlled substance; amend KRS 196.286 and 196.288 to increase the scope of the required cost-savings calculations; direct that a portion of recaptured savings from criminal justice reforms be directed to funding of KY-ASAP programs operating in or under the supervision of county jails, and a portion to community mental health centers offering substance abuse treatment for heroin and other opiate abuse disorders; create a new section of KRS Chapter 205 to specify the controlled substance treatment services to be offered under Medicaid; amend KRS 217.186 to increase the availability of Naloxone for use as a rescue drug for narcotic overdose situations; create a new section of KRS Chapter 218A to provide an opportunity for deferred prosecution for persons

seeking emergency help in drug overdose situations; amend KRS 218A.1412 to establish a 50 percent minimum time service requirement for higher-level traffickers in heroin and to remove the quantity thresholds in heroin and fentanyl prosecutions; amend KRS 218A.500 to provide the ability to deviate from the service requirement in cases where the defendant provides assistance to the prosecution; amend KRS 439.3401 to require a minimum 50 percent time service requirement for homicide and fetal homicide offenders in situations in which the decedent died due to a Schedule I drug overdose; direct the Department of Criminal Justice Training to conduct regionalized heroin-specific in-service training for law enforcement officers by December 31, 2015.

(Prefiled by the sponsor(s).)

BR 64 - Representative Kim King (08/21/14)

AN ACT relating to sex offender registrants.

Amend KRS 17.545 to prohibit sex offender registrants from being present on the grounds of a publically owned playground without advance written permission.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Judiciary

BR 65 - Representative Kim King (08/21/14)

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 66 - Representative Kim King (08/21/14)

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.

(Prefiled by the sponsor(s).)
To: Interim Joint Committee on Judiciary

BR 67 - Representative Kim King (08/21/14)

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.

(Prefiled by the sponsor(s).)
To: Interim Joint Committee on Education

BR 68 - Representative Kim King (08/21/14)

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.

(Prefiled by the sponsor(s).)
To: Interim Joint Committee on State Government

BR 69 - Representative Thomas Kerr (07/15/14)

AN ACT relating to the inheritance tax.

Amend KRS 140.070 to redefine class A beneficiaries to include daughters-in-law and sons-in-law for purposes of the inheritance tax; provide that the amendment applies to estates of decedents dying on or after July 1, 2015.

(Prefiled by the sponsor(s).)
To: Interim Joint Committee on Appropriations and Revenue

BR 70 - Representative Hubert Collins (08/05/14)

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; clarify that determination of methamphetamine contamination is made by law enforcement agencies; clarify that the presence of prepackaged materials or other products or precursors not subject to extraction shall not qualify a vehicle as being contaminated.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Judiciary

BR 71 - Representative Hubert Collins (08/05/14)

AN ACT relating to the valuation of motor vehicles for property tax purposes.

Amend KRS 132.485 to clarify the standards for appraising the 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, and also by establishing the standard value of said vehicles; provide that the Act shall apply to motor vehicles assessed on or after January 1, 2016.

(Prefiled by the sponsor(s).)
To: Interim Joint Committee on Transportation

BR 77 - Senator John Schickel (12/12/14)

AN ACT relating to an income tax deduction for tuition payments.

Amend KRS 141.010 to exclude amounts paid for private elementary and secondary school tuition from adjusted gross income.

(Prefiled by the sponsor(s).)

BR 78 - Senator John Schickel (10/07/14)

AN ACT relating to fishing license exemptions.

Amend KRS 150.170 to exempt landowners, their spouses, dependent children, and tenants and their dependent children from the requirement of procuring a sport fishing license if they are taking fish from private waters on lands of which they are bona fide owners.

(Prefiled by the sponsor(s).)
To: Interim Joint Committee on Natural Resources and Environment

BR 79 - Representative Rocky Adkins (07/22/14)

A CONCURRENT RESOLUTION honoring the aviation and aerospace industry upon being the top industry exporter in the Commonwealth, and requesting an evaluation of the aviation infrastructure and the industry's current employment and total economic impact upon the Commonwealth.

Honor the aviation and aerospace industry upon being the top industry exporter in the Commonwealth; request the Transportation Cabinet and the Cabinet for Economic Development to evaluate and report on the aviation infrastructure, the industry's current employment, and the total economic impact on the Commonwealth.

(Prefiled by the sponsor(s).)
To: Interim Joint Committee on Economic Development and Tourism

BR 80 - Senator Jimmy Higdon (07/22/14)

AN ACT relating to the safety of minors and declaring an emergency.

Create a new section of KRS Chapter 411 to provide civil immunity for damaging a vehicle to a person who enters a vehicle with the good faith belief that a minor is in imminent danger of harm if not removed from the vehicle; encourage Transportation Cabinet to implement education on children left in vehicles; EMERGENCY.

(Prefiled by the sponsor(s).)
To: Interim Joint Committee on Judiciary

BR 81 - Representative Larry Clark (12/10/14)

AN ACT relating to retail food establishment wine licenses.

Create a new section of KRS Chapter 243 to authorize a retail food establishment wine license as a nonquota alcoholic beverage license; allow the licensee to purchase, receive, possess, and sell wine at retail for off-premises consumption; make the license subject to the same privileges and duties as a quota retail package license; permit the license to be issued to a retail food store or a combination retail food store and food service establishment; require the licensed premises to have at least 10,000 square feet and a minimum inventory of \$20,000 worth of any combination of fresh meat, fresh produce, frozen food, and dairy products; amend KRS 243.030, 243.060, and 243.070 to establish state and local license fees for a retail food establishment wine license; amend KRS 244.050 to allow a retail food establishment wine licensee to offer wine samples.

(Prefiled by the sponsor(s).)

BR 82 - Senator Reginald Thomas (08/18/14)

AN ACT relating to education.

Amend KRS 157.200 to provide that programs for special education students extend through the school year in which they reach their 22nd birthday; amend KRS 159.990 to conform.

(Prefiled by the sponsor(s).)
To: Interim Joint Committee on Education

BR 84 - Representative Darryl T. Owens (08/08/14)

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 restructure the voting restrictions contained therein relating to felons and persons with mental disabilities; submit to the voters for ratification or rejection.

(Prefiled by the sponsor(s).)
To: Interim Joint Committee on State Government

BR 85 - Senator Christian McDaniel (09/08/14)

AN ACT relating to the disclosure of public retirement information.

Amend KRS 61.661, 161.585, and 21.540 to require the disclosure, upon request, the retirement benefit information of current and former members of the General Assembly including their name, status, and projected or actual retirement benefit payments and benefits of the same from Kentucky Retirement Systems, Kentucky Teachers' Retirement System, Legislators' Retirement Plan, and the Judicial Retirement Plan.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on State Government

BR 90 - Senator Gerald A. Neal (07/16/14)

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 91 - Representative Jim Wayne (10/23/14)

AN ACT relating to retirement.

Amend KRS 21.540 to require the Legislators' Retirement Plan and Judicial Retirement Plan to follow the provisions of KRS Chapters 45A, 56, and 57 regarding procurement of services, goods, and property; provide that no funds of the Legislators' Retirement Plan or Judicial Retirement Plan shall be used to pay placement agents; amend KRS 61.645 to modify the minimum requirements for gubernatorial appointees to the Kentucky Retirement Systems board of trustees with investment expertise; require the Kentucky Retirement Systems to follow the provisions of KRS Chapters 45, 45A, 56, and 57 regarding budgeting and the procurement of services, goods, and property; require the Kentucky Retirement Systems to disclose on its Web site and upon request investment fees in addition to investment holdings and commissions; require the Kentucky Retirement Systems to disclose on its Web site and upon request all contracts and offering documents for services, goods, or property purchased or utilized by the systems; provide that no funds of the Kentucky Retirement Systems shall be used to pay placement agents; amend KRS 161.250 to require Kentucky Teachers' Retirement System to disclose on its Web site and upon request investment fees in addition to investment holdings and commissions; require the

Kentucky Teachers' Retirement System to disclose on its Web site and upon request all contracts and offering documents for services, goods, or property purchased or utilized by the systems; amend KRS 161.340 to require the Kentucky Teachers' Retirement System to follow the provisions of KRS Chapters 45, 45A, 56, and 57 regarding budgeting and the procurement of services, goods, and property; amend KRS 161.430 to provide that Kentucky Teachers' Retirement System's board, staff, and investment advisors shall adhere to the CFA Institute's codes of conduct; provide that no funds of the Kentucky Teachers' Retirement System shall be used to pay placement agents; establish noncodified sections to require the Public Pension Oversight Board to study and provide a report by December 1, 2015, as to whether or not legislative action should be taken to separate the administration of the County Employees Retirement System from the Kentucky Retirement Systems; require the Public Pension Oversight Board to study and provide a report by December 1, 2015, as to whether or not legislative action should be taken to transfer administration of the Judicial Retirement Plan and the Legislators' Retirement Plan to the Kentucky Retirement Systems; provide that the amendments in this Act requiring the state-administered retirement systems to be subject to state procurement laws and banning the use of system assets to pay placement agents shall apply to contracts established or renewed on or after July 1, 2015; provide that amendments in this Act modifying the requirements for gubernatorial appointments to the Kentucky Retirement Systems' board with investment expertise shall apply to appointments or reappointments made on or after the effective date of this Act.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on State Government

BR 93 - Representative Tanya Pullin (12/08/14)

AN ACT relating to public postsecondary institutions and declaring an emergency.

Create a new section of KRS Chapter 164 prohibiting public postsecondary institutions from operating any office or facility outside of Kentucky; EMERGENCY.

(Prefiled by the sponsor(s).)

BR 96 - Representative Thomas Kerr (08/25/14)

AN ACT relating to stalking.

Amend KRS 403.720 to include stalking in the definition of "domestic violence and abuse," thereby allowing protective orders to be issued.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Judiciary

BR 97 - Representative Thomas Kerr (09/09/14)

AN ACT relating to public school standards.

Create a new section to KRS Chapter 158 to prohibit the Kentucky Board of Education and the Kentucky Department of Education from implementing the English language arts and mathematics academic content standards developed by the Common Core Standards Initiative and the science academic content standards developed by the Next Generation Science Standards Initiative; require the state board to recommend new content standards to school districts and schools after consultation with the Council on Postsecondary Education; require public involvement in standards development; clarify the authority of the local board of education to adopt standards which differ from or exceed the standards approved by the state board; clarify that the school-based decision making councils shall develop policies based upon the standards adopted by the local boards of education; prohibit state officials from ceding control of education content standards and assessments; prohibit withholding of state funds from school districts for adopting different academic content standards; amend KRS 156.070 to limit disclosure of personally identifiable information; direct the Kentucky Board of Education to require that the Department of Education and all school districts adhere to transparency and privacy standards when outsourcing data and Web-based tasks to vendors; clarify vendor contract requirements; amend KRS 158.6453 to permit a local board of education to supplement the state board-approved academic content standards with higher and more rigorous standards and require school councils to use them to fulfill curriculum policy requirements; amend KRS 160.345 to clarify school council curriculum policy authority.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Education

BR 102 - Senator Christian McDaniel (09/25/14)

AN ACT relating to public pension fund investments.

Amend KRS 21.540, 61.645, and 161.430 to require the Judicial Retirement Plan, the Legislators' Retirement Plan, the Kentucky Retirement Systems, and the Kentucky Teachers' Retirement System to establish by reference in administrative regulation a placement agent disclosure policy; require the policy to disclose, at a minimum, to the boards of trustees of the plans and systems the name of the placement agent, dollar value of investment, and the fees or payments made to placement agent for each investment in which a placement agent was utilized; define placement agent; require the plans and systems to submit a quarterly update of the information disclosed to the respective boards of trustees to the Government Contract Review Committee; provide that the disclosure shall apply to contracts established or renewed on or after July 1, 2015.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on State

BR 109 - Representative Jim Wayne (12/02/14)

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 administrative 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 civil and criminal penalties; create a new section of KRS Chapter 141 to provide that a person entitled to a state tax refund may designate on that person's 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 112 - Representative Addia Wuchner (10/24/14)

AN ACT relating to Zohydro.

Amend KRS 218A.050 to make Zohydro a Schedule I drug and provides for its unscheduling once it has been approved as tamper-resistant or tamper-deterrent by the federal Food and Drug Administration.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Judiciary

BR 113 - Senator Tom Buford (10/23/14)

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 restore the right to vote to persons convicted of a felony after service of their sentence, expiration of probation, or final discharge from parole, unless the offense was treason, intentional murder, rape, sodomy, sexual abuse of a child, bribery in an election, or another crime specified by the General Assembly; delete language in the 1891 Constitution referring to persons as "idiots and insane persons"; submit to the voters for

ratification or rejection.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on State Government

BR 116 - Representative Fitz Steele (08/14/14)

AN ACT relating to coal severance revenues.

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.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Appropriations and Revenue

BR 117 - Representative Fitz Steele (08/14/14)

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 118 - Representative Fitz Steele (08/14/14)

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 125 - Representative Jody Richards (12/10/14)

A JOINT RESOLUTION directing the Transportation Cabinet to erect signs on Interstate 65 in Warren County that proudly proclaim Warren County as the home of the Carol Martin Gatton Academy, Newsweek Magazine's Number One

Public School in the United States in 2012, 2013, and 2014.

Direct the Transportation Cabinet to erect signs on Interstate 65 in Warren County honoring the Carol Martin Gatton Academy, Newsweek Magazine's Number One Public School in the United States.

(Prefiled by the sponsor(s).)

BR 126 - Representative Sannie Overly (10/03/14)

A JOINT RESOLUTION designating portions of Kentucky Route 36 as the "Nicholas County Veterans Memorial Highway," and "Bath County Veterans Memorial Highway."

Direct the Transportation Cabinet to designate portions of Kentucky Route 36 in Nicholas County and Bath County as the "Nicholas County Veterans Memorial Highway" and the "Bath County Veterans Memorial Highway," respectively, and to erect the appropriate signage.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Transportation

BR 127 - Representative Susan Westrom (10/08/14)

AN ACT prohibiting smoking in public places and places of employment.

Create new sections of KRS Chapter 438 to define terms; prohibit indoor smoking in businesses, places of employment, and other listed public places; exempt private residences, unless used for child care or adult day care; permit smoking in designated nonenclosed areas; require posting of "no smoking" signs at specified locations; permit local governments to adopt stricter regulations by ordinance; provide for enforcement by all peace officers and designated health department and local government employees; provide for the issuance of uniform citations for violations; require that employers and others not discriminate against persons reporting violations; provide for fines for violation; provide that fines go to the agency whose employee issued the citation; provide that no court costs or other fees be charged for violations; exempt certain research and manufacturing laboratories and agricultural buildings; amend KRS 344.040, relating to unlawful practices by an employer, to add reference to state law, local ordinance, or local board of health regulation relating to smoking; amend KRS 431.450, relating to uniform citations, to provide for issuing citation forms to health departments; authorize the Department of Kentucky State Police to create and issue uniform smoking violation citations; repeal various statutes permitting smoking in public buildings; provide that Sections 1 to 6 may be referred to as the Smokefree Kentucky Act.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Health and Welfare

BR 132 - Representative David Floyd (09/12/14)

AN ACT relating to the valuation of motor vehicles for property tax purposes.

Amend KRS 132.485 to clarify the standards for appraising the value of motor vehicles that are 20 years old or older for property tax purposes, by providing that no vehicle of that age shall be presumed to have been maintained or restored to either the original factory condition or any otherwise classic condition, and also by establishing the standard value of those vehicles; provide that the Act shall apply to motor vehicles assessed on or after January 1, 2016.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Transportation

BR 138 - Representative Jeff Hoover (08/20/14)

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 restore the right to vote to persons convicted of a felony after service of their sentence, expiration of probation, or final discharge from parole, unless the offense was treason, intentional murder, rape, sodomy, sexual abuse of a child, bribery in an election or another crime specified by the General Assembly; delete language in the 1891 Constitution referring to persons as “idiots and insane persons”; submit to the voters for ratification or rejection.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on State Government

BR 141 - Representative Steve Riggs (12/09/14)

AN ACT relating to securities.

Create a new section of KRS 292.410 to 291.415 to establish requirements for an exemption to the Securities Act of 1933 for investments not to exceed \$10,000 by Kentucky residents via the Internet, offered by an issuer that is a business entity organized and authorized under Kentucky law and in accordance with the Federal Jobs Act of 2012, with the total of investments not to exceed a total of \$1 million or \$2 million depending on whether the issuer has undergone a financial audit for the recently completed fiscal year; create a new section of KRS 292.410 to 291.415 to establish requirements for Internet Web site operators who operate a Web site for the sale of securities, pursuant to Section 1 of this Act, including registration with and examination by the commissioner of the Department of Financial Institutions; designate the Acts as the Kentucky Intrastate Crowdfunding Exemption.

(Prefiled by the sponsor(s).)

BR 143 - Representative Gerald Watkins (12/10/14)

AN ACT relating to nuclear power.

Amend KRS 278.605 to allow construction of a nuclear power facility on a site previously used for the manufacture of nuclear products.

(Prefiled by the sponsor(s).)

BR 150 - Representative Tom Burch (12/02/14)

AN ACT relating to the use of a personal communication device while operating a motor vehicle.

Amend KRS 189.294 to prohibit the use of a personal communication without a hands-free device while operating a motor vehicle; specify that use of a personal communication device includes text messaging; provide an exemption for law enforcement officers when in the line of duty; amend KRS 189.990 to establish penalty for violation; amend KRS 186.452 and KRS 186.454 to conform; repeal KRS 189.292, relating to use of a personal communication device.

(Prefiled by the sponsor(s).)

BR 151 - Representative Darryl T. Owens (09/24/14)

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; amend KRS 527.040 to expressly provide that an expunged felony does not trigger the application of that statute.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Judiciary

BR 153 - Senator Tom Buford (10/14/14)

AN ACT relating to sexually based offenses.

Amend KRS 413.249 to expand the statute of limitations for civil actions brought for a recovery of damages for illness or injury as a result of childhood sexual abuse or sexual assault from five to ten years, provide that civil actions for illness or injury suffered as a result of childhood sexual abuse or assault that were previously barred by the statute of limitations are revived and may be brought within ten years of July 1, 2015, enumerate that claims that were previously adjudged to be time-barred by a court may not be revived under this subsection.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Judiciary

BR 164 - Representative Addia Wuchner, Representative Joseph M. Fischer (10/24/14)

AN ACT relating to controlled substances

and declaring an emergency.

Amend KRS 15.334 to require that the Department of Criminal Justice Training provide mandatory regionalized in-service training on the topic of heroin; amend KRS 72.026 to increase the scope of mandatory coroner reporting in deaths involving Schedule I controlled substances; create a new section of KRS Chapter 205 to enumerate the controlled substance treatment services to be offered by the Department for Medicaid Services; amend KRS 217.186 to provide that peace officers, firefighters, paramedics, emergency medical technicians, and school employees authorized under KRS 156.502 to administer medication may receive, possess, and administer naloxone to a person suffering from an apparent opiate-related overdose; establish requirements relating to the use of maloxone on school premises; create a new section of KRS Chapter 218A to require that all substance abuse treatment or recovery providers that receive state funding must give pregnant women priority in accessing and cannot refuse service if certain conditions are met; create a new section of KRS Chapter 218A to provide that a person shall have a defense for the possession of a controlled substance if the person in good faith seeks medical assistance from a public safety answering point, emergency medical services, law enforcement office or health practitioner and meets certain additional criteria; amend KRS 218A.1412 to provide minimum service time requirements for persons convicted of trafficking in the first degree of heroin; require that if as a result of a defendant's violation of the crime of trafficking in the first degree of heroin, a person dies as a result of the use of heroin trafficked by the defendant, this is a Class A felony; establish service fees for persons convicted of trafficking 2 grams or more of heroin and above; provide that any service fees collected pursuant to this section be remitted to KY-ASAP to be used as supplemental funding for substance abuse treatment programs operating in county jails that are located within the region in which the offense was committed; allow upon a motion by the Commonwealth, a court to consider lowering the minimum service time requirement for a person who is convicted of trafficking in the first degree who provides substantial assistance to the Commonwealth for the prosecution of another; amend KRS 439.340 to require substance abuse treatment or education courses as a condition of release for persons convicted under KRS Chapter 218 for a violation of trafficking in heroin; amend KRS 625.050 to forbid the termination of parental rights of a woman solely because of her use of a controlled substance if certain conditions are met; encourage the Department of Corrections to offer video, audio, oral, and written materials to persons housed at correctional facilities within the state that concentrate on educating inmates on Kentucky's drug trafficking laws, associated penalties, and treatment options; title the “Heroin Impact Act”; APPROPRIATION; EMERGENCY.

(Prefiled by the sponsor(s).)

BR 168 - Representative Joni L. Jenkins (09/08/14)

AN ACT relating to controlled substances.

Amend KRS 218A.050 to add the substance acetylfentanyl to the list of Schedule I controlled substances.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Judiciary

BR 172 - Senator Robin L. Webb (12/10/14)

AN ACT relating to the obstruction of the lawful taking of wildlife.

Amend KRS 150.710 to prohibit the use of a drone to disrupt lawful hunting, trapping, or fishing; amend KRS 446.010 to define “drone”.

(Prefiled by the sponsor(s).)

BR 175 - Representative Larry Clark (09/11/14)

AN ACT relating to districts of innovation.

Amend KRS 160.107 to allow a waiver or modification of the statewide assessment system for schools participating in a district of innovation plan, under specific conditions; allow a district of innovation to use student assessments other than those required by the state board, under specific conditions.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Education

BR 177 - Representative Ron Crimm (11/07/14)

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.

(Prefiled by the sponsor(s).)

BR 178 - Representative Ron Crimm (09/11/14)

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.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Appropriations and Revenue

BR 179 - Representative Ron Crimm (12/02/14)

AN ACT relating to child welfare.

Amend KRS 620.250 to allow local foster care review boards to have access to the educational

records of children committed to the custody of the Commonwealth by requiring the Kentucky Department of Education to provide the educational records free of charge to the Cabinet for Health and Family Services; amend KRS 610.125 to require recommendations concerning the transition from out-of-home care to independent living to be made to a court by the Department of Juvenile Justice regarding a child in their care.

(Prefiled by the sponsor(s).)

BR 180 - Representative Ron Crimm (09/11/14)

AN ACT relating to sales and use taxation.

Amend KRS 139.570, relating to sales and use tax, to increase the maximum amount of vendor compensation to \$250 in any reporting period; EFFECTIVE July 1, 2015.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Appropriations and Revenue

BR 186 - Senator Reginald Thomas (12/05/14)

AN ACT relating to breast-feeding.

Create a new section of KRS Chapter 337 to establish workplace standards for nursing mothers; amend KRS 337.990 to establish penalties for violations of newly established workplace standards for nursing mothers.

(Prefiled by the sponsor(s).)

BR 187 - Senator Reginald Thomas (12/05/14)

AN ACT relating to breast-feeding.

Amend KRS 211.755 which establishes that breast-feeding is permitted by a mother in any location, public or private, where the mother and child are otherwise authorized to provide that a violation of this section shall be reported to a local health department; amend KRS 211.990 to establish a fine of \$500 for the first offense and \$1,000 for each subsequent penalty for any person who violates any provision of KRS 211.755.

(Prefiled by the sponsor(s).)

BR 190 - Representative David Floyd (11/06/14)

AN ACT relating to Kentucky Revised Statutes Chapter 507A.

Create a short title, “The Sherry Ballard Fetal Homicide Act,” for KRS 507A.010 to 507A.060.

(Prefiled by the sponsor(s).)

BR 192 - Representative Brent Yonts (12/12/14)

AN ACT relating to Kentucky Retirement Systems.

Amend KRS 16.505 to clarify that lump-sum payments or nonrecurring payments shall, as determined by the board, be credited when earned or

classified as a lump-sum bonus and averaged over the career of the member; make technical amendments; amend KRS 16.582 to remove language which prohibited an injury or disease resulting from military service from being considered a disabling condition for hazardous members of Kentucky Retirement Systems; amend KRS 61.510 and 78.510 to utilize partial fiscal years in determining the final compensation of a nonhazardous member who began participating in the Kentucky Employees Retirement System and the County Employees Retirement System on or after September 1, 2008, but prior to January 1, 2014, in situations where the member does not have 5 complete fiscal years of service; to clarify that lump-sum payments or nonrecurring payments shall, as determined by the board, be credited when earned or classified as a lump-sum bonus and averaged over the career of the member; provide that interim positions in the Kentucky Employees Retirement System and probationary positions in the County Employees Retirement System shall not be renewable by the employer for the same employee unless the employee has not been employed by the agency for 12 months; make technical amendments; amend KRS 61.542 to remove the requirement that the estate be designated as beneficiary of a member’s account when they request a refund of contributions prior to retirement; provide that the member’s estate shall be beneficiary of his or her account from Kentucky Retirement Systems if prior to retirement the member fails to designate a beneficiary or the beneficiary designation is found to be void; provide that a beneficiary shall not be changed on or after the first day of the month in which a retired employee begins receiving retirement benefits; provide that reemployed retirees who establish a second retirement account will have their estate named beneficiary if they fail to designate a beneficiary for their new account; amend KRS 61.545 to remove provisions allowing a member who is simultaneously eligible for participation in more than one retirement system administered by Kentucky Retirement Systems to select participation in only one system; make conforming amendments; amend KRS 61.552 to clarify and conform to federal law the payment options available to members for purchasing service credit; remove service purchase provisions no longer applicable to current members; require agencies who fail to report employees to the retirement system to pay penalties and interest on employer contributions from the date the contributions should have been reported to the system; make technical amendments; amend KRS 61.555 to provide that the service credit that is granted without cost to employees who are called to active duty military deployment shall be limited to those whose rights to such benefits have not been terminated under the federal Uniformed Services Employment and Reemployment Rights Act (USERRA); require employees participating in the hybrid cash balance plan on or after January 1, 2014, who are called to active duty military deployment to

pay their employee contributions if they are granted service credit, as required by USERRA, for the period of active duty deployment; require employers to make contributions, for service credited to employees as required by USERRA, who are called to active duty military deployment: make conforming amendments; amend KRS 61.557 to make technical amendments; amend KRS 61.560 to clarify that retirees reemployed on or after 9/1/2008 shall not pay into the systems and to make conforming amendments; amend KRS 61.590 to make technical changes and to clarify that a retiring employee must separate employment with all participating system employers; amend KRS 61.623 to require all recipients of a retirement allowance from Kentucky Retirement Systems to receive retirement allowance payments by electronic funds transfer to a financial institution; provide that if the member does not have a bank account or the member's bank does not participate in electronic funds transfers that the member will receive payment of his or her retirement allowance to an electronic fund transfer card issued by Kentucky Retirement Systems; amend KRS 61.645 to allow the Kentucky Retirement Systems board by promulgation of administrative regulation to conduct trustee elections by electronic ballot; amend KRS 61.650 to increase the Kentucky Retirement Systems investment committee membership from 5 trustees to 7 trustees and to make technical amendments; amend KRS 61.680 to provide for consolidation of accounts with other state-administered retirement systems only if the member retires simultaneously from all state-administered retirement systems or retires from the other state-administered retirement systems within one month of retiring from the systems administered by Kentucky Retirement Systems; make technical amendments; amend KRS 61.702 to define "monthly contribution rate"; require recipients or the spouse or dependent children of a recipient of a retirement allowance, who is eligible to participate in Medicare to participate in the plans administered by the systems for Medicare eligible recipients; provide that a member who retired prior to July 1, 2003, who has established a second retirement account shall not receive more than the monthly contribution rate for retiree health benefits: make technical amendments; amend KRS 16.520, 61.525, 61.5525, 61.592, 78.540, 78.610, and 78.615 to make technical and conforming amendments; provide non-codified section to provide that the successor of the additional board trustee elected by the County Employees Retirement System (CERS) added by SB 2 in the 2013 Regular Session shall be elected in the same period as all other CERS trustees in 2017 and shall have a shortened term from 2017 to 2021 to coincide with all other future CERS trustee terms of office.

(Prefiled by the sponsor(s).)

BR 194 - Representative Ron Crimm (10/01/14)

AN ACT relating to the involuntary termination of parental rights.

Amend KRS 625.090 to expand the requisite grounds for the termination of parental rights to include the attempted or actual infliction of death or serious physical injury to any child, or to the parent, stepparent, de facto custodian, or guardian of the child who is the subject of the termination action; provide that the the Act may be cited as "Zoe's Law."

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Judiciary

BR 195 - Representative Tom Burch (09/26/14)

AN ACT relating to treatment of substance abuse.

Create a new section of KRS Chapter 205 to require the Department for Medicaid Services to provide a substance abuse benefit and to require an annual report to the LRC concerning the status of substance abuse treatment in Kentucky; expand availability of drug naloxone by allowing a person or agency, including a peace officer or a first responder, to receive a naloxone prescription; create new sections of KRS Chapter 218A to provide immunity for persons seeking emergency help in drug overdose situations; prohibit substance abuse treatment programs from discriminating against pregnant women; amend KRS 218A.500 to permit a local health department to operate a hypodermic exchange; permit a peace officer to ask if an individual has a sharp object before a search and if the individual complies allow that object to not be charged as drug paraphernalia; amend KRS 202A.081 to expand community-based outpatient treatment for certain defendants; amend KRS 100.982 to mirror federal law; include noncodified language encouraging the Cabinet for Health and Family Services to study certain opioid treatment initiatives, establish an evidence-based treatment task force relating to the disease of addiction, develop county and regional wraparound teams for opioid addiction, collaborate with medical schools and post-graduate training programs to include ten hours of coursework on addiction for all medical professionals, increase continuing education units for medical and health professionals relating to the disease of addiction, and make legislative recommendations to the Interim Joint Committee on Health and welfare; require the Department of Criminal Justice Training to offer voluntary regionalized in-service training on the topic of heroin for law enforcement officers.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Health and Welfare

BR 198 - Senator Christian McDaniel (09/25/14)

AN ACT relating to the Legislators' Retirement Plan.

Amend KRS 6.525 to allow members contributing to the Legislators' Retirement Plan prior to January 1, 2014, to make a one-time election to

have their benefits from the Legislators' Retirement Plan based solely on their legislative salary and any salary, earned in another state-administered retirement system prior to January 1, 2014.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on State Government

BR 200 - Representative John Tilley (12/12/14)

AN ACT relating to naloxone and declaring an emergency.

Amend KRS 217.186 to allow the opiate overdose rescue medication naloxone to be prescribed to persons or agencies capable of administering the medication in emergency situations; allow first responders to access and utilize the medication; allow pharmacists certified to do so to prescribe and dispense the medication; EMERGENCY.

(Prefiled by the sponsor(s).)

BR 203 - Representative Jim Wayne (10/23/14)

AN ACT relating to tax credits for airport noise mitigation.

Create a new section of KRS Chapter 141 and amend KRS 141.0205 to create a refundable income tax credit for the costs of mitigating noise from a commercial airport; make tax credit applicable to tax years beginning on or after January 1, 2015.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Appropriations and Revenue

BR 207 - Representative Jill York (12/09/14)

AN ACT relating to teacher leaves of absence.

Amends KRS 161.770 to clarify that a board of education must comply with the Americans with Disabilities Act of 1990, the Health Insurance Portability and Accountability Act of 1996, and any other applicable federal law in placing a teacher or superintendent on leave due to a physical or mental disability.

(Prefiled by the sponsor(s).)

BR 210 - Representative Larry Clark (12/09/14)

AN ACT relating to student assistants.

Create a new section of KRS Chapter 117 to allow minors 16 years of age or older to be appointed as student election assistants; amend KRS 117.045 to conform.

(Prefiled by the sponsor(s).)

BR 212 - Representative Brent Yonts (10/15/14)

AN ACT relating to the Public Pension Oversight Board.

Amend KRS 7A.200, 7A.210, 7A.220,

7A.240, and 7A.250 to add the Legislators' Retirement Plan, the Judicial Retirement Plan, and the Kentucky Teachers' Retirement System to the Public Pension Oversight Board's review responsibilities; provide that members of the Public Pension Oversight Board appointed by the Speaker of the House of Representatives, the President of the Senate, and the Governor with expertise in pensions or investments shall serve a term of four years; remove the prohibition on members and retired members from serving in these appointed positions; modify the annual report due date for the Public Pension Oversight Board from December 1 to December 31 of each year.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on State Government

BR 214 - Representative Brent Yonts (11/26/14)

AN ACT relating to public agencies.

Create a new section of KRS 61.510 to 61.705 to provide that certain employers participating in the Kentucky Employees Retirement System (KERS) and the County Employees Retirement System (CERS) may elect to voluntarily cease participation in the system and that any agency may be required to involuntarily cease participation in KERS or CERS in the event the board of trustees has determined the employer is no longer eligible to participate in a governmental plan or has failed to comply with the provisions of KRS 61.510 to 61.705 or 78.510 to 78.852; establish requirements for voluntary and involuntary cessation of participation by the employer, including requiring any employer voluntarily ceasing participation to adopt a resolution to cease participation and submit the resolution the Kentucky Retirement Systems' board, requiring the cessation of participation to apply to all employees of the employer ceasing participation, requiring the employer to pay for an actuarial cost study to determine the cost to the employer for discontinuing participation, requiring an employer voluntarily ceasing participation to offer an alternative retirement plan to impacted employees, and requiring the employer to pay the system for the full actuarial cost of discontinuing participation either in a lump-sum payment or in installments under the terms established by the board; provide that the full actuarial cost shall not include those employees who elect to take a refund of their account balance within 60 days of the employer's cessation date; provide that the employer's full actuarial cost shall be fixed once the employer makes the lump-sum payment or first installment payment; provide that employees hired after the employer ceases participation will not participate in KERS or CERS for the ceased employer; provide that employees participating in the systems with the employer ceasing participation will not earn benefits after the employer has ceased participation, but will be vested for those benefits accrued prior to the employer's cessation date;

provide that the voluntary cessation of participation provisions shall not apply to certain KERS employers including Commonwealth's attorney offices, county attorney offices, local and district health departments governed by KRS Chapter 212, master commissioners, property valuation administration offices, executive branch agencies whose employees are subject to KRS 18A.005 to 18A.200, state-administered retirement systems, employers in the legislative or judicial branch of Kentucky state government, or state-supported universities and community college systems, unless the agency is a nonstock nonprofit corporation established under KRS Chapter 273; provide that the voluntary cessation of participation provisions shall only apply to CERS employers who are nonstock nonprofit corporation established under KRS Chapter 273; amend KRS 78.530 to make conforming amendments and to remove provisions that allow a CERS agency whose participation has been terminated under KRS 78.535 to once again participate in CERS at a later date; amend KRS 78.535 to remove provisions regarding the termination of participation provisions in current law and to reference the cessation of participation provisions in Section 1 of this Act; amend KRS 78.540, 78.545, 78.610, 61.520, and 78.615 to conform; amend KRS 95.520, 95.621, and 95.852 to remove provisions that allow an employee to regain participation in a closed city pension plan if the agency's participation has been terminated under KRS 78.535.

(Prefiled by the sponsor(s).)

BR 215 - Senator Dennis Parrett, Senator Whitney Westerfield (12/04/14)

AN ACT relating to driving under the influence and declaring an emergency.

Amend various sections in KRS Chapter 189A, relating to driving under the influence, to expand the look-back window for prior offenses from five years to ten years.

(Prefiled by the sponsor(s).)

BR 216 - Representative Bart Rowland (10/09/14)

AN ACT relating to rescue squad benefits.

Amend KRS 61.315 to expand the definition of "firefighter" to include members of rescue squads formed pursuant to KRS 39F.020; amend KRS 164.2841 and 164.2842 to extend free tuition benefits to survivors of members of rescue squads formed pursuant to KRS 39F.020 who were killed or totally disabled in the line of duty.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Local Government

BR 217 - Representative Jim Wayne (12/12/14)

AN ACT relating to training for staff in long-term care facilities.

Establish a new section of KRS Chapter 194A to require dementia-specific training for nurse aides upon initial orientation and an annual requirement of 5 hours of dementia-specific in-service training for nurse aides.

(Prefiled by the sponsor(s).)

BR 218 - Representative Gerald Watkins (12/05/14)

AN ACT relating to criminal attempted murder.

Amend KRS 439.3401 to make criminal attempt to commit murder of a peace officer or a firefighter an offense for which at least 85 percent of the sentence must be served before probation or parole.

(Prefiled by the sponsor(s).)

BR 229 - Senator Mike Wilson (11/17/14)

AN ACT relating to the placement of illegal gambling devices in business establishments and declaring an emergency.

Amend KRS 528.010 to include in the definition of "gambling device" an electronic device used to facilitate Internet gambling and to define "simulated gambling program"; EMERGENCY.

(Prefiled by the sponsor(s).)

BR 231 - Representative Kenny Imes (12/12/14)

AN ACT relating to elections.

Amend KRS 83A.045 and 118.365 to require candidate filing papers to be filed by the second Tuesday in June; amend KRS 118.367 to require statement of candidacy forms to be filed by the last Tuesday in January; amend KRS 83A.165, 118.215, 118.375, 118A.090, and 118.215 to conform; delay the effective date until November 4, 2015.

(Prefiled by the sponsor(s).)

BR 232 - Representative Kenny Imes (10/14/14)

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 elections of statewide constitutional officers in even-numbered years, every four years, beginning in 2022; provide transitional schedule; submit to the voters for ratification or rejection.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on State Government

BR 236 - Representative Wilson Stone (10/10/14)

AN ACT relating to TVA in-lieu-of-tax payments and making an appropriation therefor.

Amend KRS 96.895 to provide that,

beginning in fiscal year 2016-2017, a portion of the Tennessee Valley Authority (TVA) 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 transfers 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 2020-2021, and each fiscal year thereafter, not to exceed \$6,000,000 each year; APPROPRIATION.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Appropriations and Revenue

BR 239 - Representative David Floyd, Representative Fitz Steele (11/06/14)

AN ACT relating to certification of law enforcement personnel and declaring an emergency.

Amend KRS 15.382, 15.3971, 15.540, and 95.951 to allow the high school graduation requirement for law enforcement personnel to be met through graduation from a non-accredited school, a GED exam, or the external diploma program; EMERGENCY.

(Prefiled by the sponsor(s).)

BR 240 - Representative Mike Denham (11/17/14)

A RESOLUTION adjourning the House of Representatives in honor and loving memory of Vicki Ginn Newberg.

Adjourn in honor and loving memory of Vicki Ginn Newberg.

(Prefiled by the sponsor(s).)

BR 246 - Senator John Schickel (12/10/14)

A RESOLUTION recognizing the Boone County Public Library's 40th anniversary.

Recognize the Boone County Public Library's 40th anniversary.

(Prefiled by the sponsor(s).)

BR 247 - Senator John Schickel (12/04/14)

A RESOLUTION adjourning the Senate in recognition of Steve Harper upon his appointment as the 2014-2015 Chair of the Northern Kentucky Chamber of Commerce.

Recognize Steve Harper upon his appointment as the 2014-2015 Chair of the Northern Kentucky Chamber of Commerce.

(Prefiled by the sponsor(s).)

BR 248 - Senator John Schickel (12/10/14)

A RESOLUTION adjourning the Senate in honor of Trey Grayson upon his appointment as President and CEO of the Northern Kentucky Chamber of Commerce.

Honor Trey Grayson upon his appointment as President and CEO of the Northern Kentucky Chamber of Commerce.

(Prefiled by the sponsor(s).)

BR 252 - Senator Brandon Smith (12/12/14)

A JOINT RESOLUTION designating the bridge on Kentucky Route 476, between mile points 18 and 19, in Perry County, as the "Mitchell Allen Memorial Bridge."

Direct the Transportation to designate a bridge on Kentucky Route 476 in Perry County as the "Mitchell Allen Memorial Bridge" and erect the appropriate signage.

(Prefiled by the sponsor(s).)

BR 253 - Representative Jeffery Donohue (11/12/14)

AN ACT relating to public procurement.

Create a 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 a new section of KRS Chapter 45A to define "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 a 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."

(Prefiled by the sponsor(s).)

BR 256 - Senator Albert Robinson (11/12/14)

AN ACT proposing an amendment to Section 33 of the Constitution of Kentucky relating to redistricting.

Propose to amend Section 33 of the Constitution of Kentucky to clarify standards relating to redistricting and to require the General Assembly to remain in continuous session, without pay to the

members, for the sole purpose of redistricting if the General Assembly fails to redistrict the state by April 15 of the first even-numbered year session following receipt of the decennial census data; submit to the voters for ratification or rejection; include ballot language.

(Prefiled by the sponsor(s).)

BR 258 - Representative Kelly Flood (12/03/14)

AN ACT relating to the Kentucky educational excellence scholarship.

Amend KRS 164.7874 to define the minimum number of cumulative credit hours needed to be considered "on track to graduate" at the end of each award period for KEES scholarship renewal requirements.

(Prefiled by the sponsor(s).)

BR 259 - Representative Kelly Flood (12/04/14)

AN ACT relating to reckless driving.

Amend KRS 189.990 to increase penalty for violation of KRS 189.290 where death or serious physical injury occur.

(Prefiled by the sponsor(s).)

BR 266 - Representative Steve Riggs (12/09/14)

AN ACT relating to prohibiting various state and local governmental entities from procuring goods and services from delinquent taxpayers.

Create a new section of KRS Chapter 45A, within the Model Procurement Code, to prohibit any state governmental body from entering into any contract to acquire goods or services from a delinquent state taxpayer; create new sections of KRS Chapters 65, 175, and 177, and amend KRS 160.160, 164A.575, 176.080, and 180.060 to similarly prohibit local government entities, local boards of education, public postsecondary educational institutions, the Kentucky Turnpike Authority, the state Department of Highways, and the Transportation Cabinet from procuring goods or services from a delinquent state taxpayer; amend KRS 131.190 to allow the state Department of Revenue to make the current list of delinquent taxpayers available to the various aforementioned entities to further compliance with the procurement prohibition.

(Prefiled by the sponsor(s).)

BR 269 - Representative John Carney (10/30/14)

AN ACT relating to career readiness.

Create a new section of KRS Chapter 158 to require the Kentucky Board of Education to identify a student who obtains a sufficient score on the Armed Services Vocational Aptitude Battery and signs enlistment papers for any branch of service as career-ready.

(Prefiled by the sponsor(s).)

BR 270 - Representative Dennis Keene (11/18/14)

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 273 - Representative Thomas Kerr (12/10/14)

AN ACT relating to legal representation of indigent criminal defendants.

Amend KRS 31.211 to authorize the public advocate to collect outstanding debts owed to the Department of Public Advocacy by requesting the Department of Revenue to withhold individual tax returns.

(Prefiled by the sponsor(s).)

BR 274 - Representative Thomas Kerr (12/10/14)

AN ACT relating to legal representation of indigent criminal defendants.

Amend KRS 31.120 to allow courts making indigency determinations to request the tax records of individuals seeking legal assistance from the Department of Public Advocacy; amend KRS 131.190 to allow an exemption to the general prohibition against Department of Revenue employees divulging individual tax records for courts making indigency determinations.

(Prefiled by the sponsor(s).)

BR 275 - Representative Thomas Kerr (12/11/14)

AN ACT relating to emergency protective orders.

Create a new section of KRS Chapter 403 to allow expungement of dismissed emergency protective orders.

(Prefiled by the sponsor(s).)

BR 284 - Senator Morgan McGarvey (11/21/14)

AN ACT relating to strangulation.

Create a new section of KRS Chapter 508 to establish the crime of strangulation as a Class A misdemeanor unless certain aggravating circumstances are present, in which case it would be a class D felony; amend KRS 403.761 to include the offense of strangulation as one of the offenses considered by a court when determining whether a person has committed a substantial violation of a domestic violence order.

(Prefiled by the sponsor(s).)

BR 294 - Representative Jody Richards (12/03/14)

A RESOLUTION urging the Kentucky Department of Veterans Affairs, the Governor of the Commonwealth of Kentucky, and Kentucky's United States Congressional delegation to take the appropriate steps to get the approval and funding necessary for the construction of a veterans center in Bowling Green, Kentucky.

A Resolution urging the Kentucky Department of Veterans Affairs, the Governor of the Commonwealth of Kentucky, and Kentucky's United States Congressional delegation to take the appropriate steps to get the approval and funding necessary for the construction of a veterans center in Bowling Green, Kentucky.

(Prefiled by the sponsor(s).)

BR 296 - Senator Perry B. Clark (12/11/14)

AN ACT relating to medical cannabis.

Create various new sections of KRS Chapter 218A to establish a comprehensive system for medical cannabis in Kentucky, including provisions for medical verification of need, persons allowed to cultivate, use, and possess the drug, organizations allowed to assist in providing the drug, regulation by the state Department for Public Health, interaction on the part of state and local governments, including law enforcement, with persons and entities coming within the purview of the Act, and the establishment of required reporting and review procedures; amend KRS 218A.040 to conform; name the Act the Cannabis Compassion Act.

(Prefiled by the sponsor(s).)

BR 297 - Representative Thomas Kerr (12/12/14)

AN ACT relating to trusts and estates.

Amend KRS 386B.10-050 to provide that a claim for breach of trust must be brought within five years of the act constituting the breach; amend KRS 386B.8-180 to provide that after notice is sent to a trust beneficiary or other qualified person relating to the distribution of the trust, the time for a written objection by the beneficiary or other qualified person is expanded; require that a trustee only proceed with the distribution of trust assets after the expiration of the time allowed for written objection; forbid a trustee from requesting that a beneficiary indemnify the trustee against loss in exchange for the trustee forgoing a request by the court to approve its accounts at the time the trust terminates or at the time the trustee is removed or resigns; amend KRS 413.120 and 413.130 to conform to changes; repeal KRS 413.340.

(Prefiled by the sponsor(s).)

BR 303 - Representative Kevin D. Bratcher (12/10/14)

AN ACT relating to controlled substances.

Amend KRS 72.026 to increase the scope of mandatory coroner and medical examiner reporting in deaths involving Schedule I controlled substance deaths; amend KRS 196.286 and 196.288 to direct that a portion of recaptured savings from criminal justice reforms be directed to funding KY-ASAP programs; create a new section of KRS Chapter 205 to require the Department for Medicaid Services to provide a substance abuse benefit and specify the controlled substance treatment options to be offered; amend KRS 217.186 to increase the availability of naloxone for use as a rescue drug for narcotic overdose situations; create a new section of KRS Chapter 218A to provide immunity for persons seeking emergency help in drug overdose situations; amend KRS 218A.040 to specify that death by overdose is a foreseeable result of the consumption or use of a Schedule I controlled substance; amend KRS 218A.1412 to establish a minimum 50 percent time service requirement for higher-level traffickers in heroin or methamphetamine, with the ability to deviate from that requirement in cases where the defendant provides assistance to the prosecution; amend KRS 218.500 to allow a peace officer to inquire whether the person is in possession of a hypodermic needle or other sharp object prior to commencing a search of the person or the person's vehicle or premises; provide an exemption from paraphernalia prosecution for a person who alerts the officer to the presence of needle or sharp object; amend KRS 439.3401 to require a minimum 50 percent time service requirement for homicide and fetal homicide offenders in situations where the decedent died due to a Schedule I controlled substance overdose; amend KRS 501.060 to provide that it is not a defense to the establishment of causation in a Schedule I controlled substance overdose case that the decedent voluntarily ingested the drug or that there was no direct contact between the decedent and the defendant; direct the Department of Criminal Justice Training to conduct regionalized heroin-specific in-service training for law enforcement officers.

(Prefiled by the sponsor(s).)

BR 305 - Representative Mike Denham (12/05/14)

AN ACT relating to strangulation.

Create a new section of KRS Chapter 508 to create the crime of strangulation as a Class A misdemeanor unless certain aggravating circumstances are present, in which case it would be a class D felony; amend KRS 403.761 to include the offense of strangulation as one of the offenses considered by a court when considering whether a person has committed a substantial violation of a domestic violence order.

(Prefiled by the sponsor(s).)

BR 307 - Representative Tom Burch (12/04/14)

AN ACT relating to removing barriers to

colorectal cancer screening.

Amend KRS 304.17A-257 to require that health benefit plans cover colorectal cancer screening regardless of the billing code or other procedure performed in the same clinical encounter and as part of ongoing prevention; effective January 1, 2016.

(Prefiled by the sponsor(s).)

BR 309 - Senator Alice Forgy Kerr (12/03/14)

AN ACT relating to deferred deposit transactions.

Amend KRS 286.9-010 to define “annual percentage rate,” “consideration,” and “interest”; amend KRS 286.9-100, relating to deferred deposit transactions, to delete the service fee of \$15 per \$100 loan and establish a tiered maximum annual percentage rate of 36 percent; provide that making a deferred deposit transaction in violation of the maximum interest provisions is an unfair, false, misleading and deceptive practice in violation of the Consumer Protection Act and subject to its rights and remedies; prohibit a licensee from engaging in deceptive practices to evade the requirements of Subtitle 9 of KRS Chapter 286; create a new section of Subtitle 9 of KRS Chapter 286 to provide that knowing violation of the maximum allowable interest rate provisions shall be deemed a forfeiture of the entire interest for the transaction and the person who paid the interest, or his or her legal representative, may recover twice the amount paid in any action against the lender if commenced within two years of the deferred deposit transaction.

(Prefiled by the sponsor(s).)

BR 312 - Representative James Kay (12/11/14)

AN ACT relating to rare plant protection.

Create new sections of KRS Chapter 146 to establish an endangered and threatened plant species list to be maintained by the Kentucky State Nature Preserves commission; prohibit the taking or possession of an endangered and threatened plant species without written permission of the owner, lessee, or other person entitled to possession; authorize the Kentucky State Nature Preserves Commission to promulgate regulations to establish a list, regulate the sale, the protection, and the taking of the plant species and exempt taking of species for certain purposes and circumstances; require persons that sell endangered or threatened plant species to be registered with the commission; require certification of propagators; require inspection of nurseries and propagators if the facility sells or propagates endangered or threatened species; require state agencies to avoid activities that will jeopardize the existence of an endangered or threatened species; exempt location of endangered and threatened species from Open Records Act; amend KRS 146.605 to create definitions; amend KRS 146.990 to create a civil penalty of \$500 per violation per day for as long as offense continues and

allow State Nature Preserves Commission to stop the person from continuing the activity.

(Prefiled by the sponsor(s).)

BR 323 - Senator Bob Leeper (12/03/14)

AN ACT relating to municipal utilities.

Amend KRS 96.530 to require members appointed to municipal electric utility commissions be customers of the electric utility. City residence requirements removed.

(Prefiled by the sponsor(s).)

BR 326 - Representative Leslie Combs (12/05/14)

AN ACT relating to treatment for alcohol and other drug abuse.

Amend KRS 222.005 to define “incapacitated by alcohol and other drug abuse”; amend KRS 222.431 to permit a person meeting the definition of “incapacitated by alcohol and other drug abuse” to be court ordered to treatment; amend KRS 222.432 to provide that court-ordered alcohol and other drug abuse treatment may be covered by a third-party payor; amend KRS 222.433 to require the court to review previous drug or alcohol assessments and drug tests in an order for treatment and require the court to review previous drug or alcohol assessments or drug tests if a respondent has failed to participate in a physical examination; amend KRS 222.470 to require Medicaid and private insurers to use comparative medical necessity and reimbursement methodology to cover alcohol and other drug abuse treatment services.

(Prefiled by the sponsor(s).)

BR 332 - Representative Diane St. Onge (11/20/14)

AN ACT relating to controlled substances.

Amend KRS 72.026 to increase the scope of mandatory coroner and medical examiner examinations and reporting in deaths involving a Schedule I controlled substance; amend KRS 196.286 and 196.288 to increase the scope of the required cost-savings calculations; direct that a portion of recaptured savings from criminal justice reforms be directed to funding of KY-ASAP programs operating in or under the supervision of county jails, and a portion to community mental health centers offering substance abuse treatment for heroin and other opiate abuse disorders; create a new section of KRS Chapter 205 to specify the controlled substance treatment services to be offered under Medicaid; amend KRS 217.186 to increase the availability of Naloxone for use as a rescue drug for narcotic overdose situations; create a new section of KRS Chapter 218A to provide an opportunity for deferred prosecution for persons seeking emergency help in drug overdose situations; amend KRS 218A.1412 to establish a 50 percent minimum time service requirement for higher-level traffickers in heroin and to remove the quantity

thresholds in heroin and fentanyl prosecutions; amend KRS 218A.500 to provide the ability to deviate from the service requirement in cases where the defendant provides assistance to the prosecution; amend KRS 439.3401 to require a minimum 50 percent time service requirement for homicide and fetal homicide offenders in situations in which the decedent died due to a Schedule I drug overdose; direct the Department of Criminal Justice Training to conduct regionalized heroin-specific in-service training for law enforcement officers by December 31, 2015.

(Prefiled by the sponsor(s).)

BR 333 - Representative Dennis Keene (11/18/14)

AN ACT relating to substance abuse and declaring an emergency.

Amend KRS 72.026 to increase the scope of mandatory coroner reporting in deaths involving Schedule I controlled substances; create a new section of KRS Chapter 205 to specify the controlled substance treatment services to be offered by the Department for Medicaid Services; amend KRS 217.186 to increase the availability of Naloxone for use in situations involving individuals suffering from an apparent opiate-related overdose; create a new section of KRS Chapter 218A to provide safe harbor provisions for drug-addicted pregnant women who are in compliance with substance abuse treatment and prenatal care instructions; amend KRS 218A.040 to provide that subject to the rules of evidence a court is permitted to infer that death resulting from an overdose of a Schedule I controlled substance is a foreseeable result of the consumption or use of that substance; amend KRS 218A.050 to classify any extended release single-agent formulation of hydrocodone bitartrate as a Schedule I controlled substance until the drug is available in an FDA-approved tamper-resistant formulation; amend KRS 218A.1412 to establish a 50% time-served requirement for persons convicted of trafficking in heroin or methamphetamine in the first degree and allow this requirement to be waived in cases where the defendant provides assistance to the prosecution of another; amend KRS 218A.1413 to increase the penalties for a person who is found guilty of trafficking in a controlled substance in the second degree; amend KRS 218A.1414 to increase the penalty for any person who is found guilty of trafficking in a controlled substance in the third degree; amend KRS 218A.500 to allow for the establishment of optional local hypodermic needle exchange programs and provide that in situations where the defendant notifies a peace officer prior to a search that he or she has a hypodermic needle on their person or in their possession, certain immunities are allowed as to related charges; amend KRS 439.3401 to require a minimum 50% time-served requirement for persons convicted of homicide and fetal homicide in situations where the decedent died due to a Schedule I drug overdose; amend KRS 501.060 to

provide that for an offense in violation of KRS Chapter 507 or 507A for a death which resulted from an overdose of a Schedule I controlled substance, a court is permitted to infer that death resulting from an overdose of a Schedule I controlled substance is a foreseeable result of the consumption or use of that substance, subject to the applicable rules of evidence; amend KRS 625.050 to prohibit petitions to terminate the parental rights of a pregnant woman who used controlled substances while pregnant if she complies with substance abuse treatment and prenatal care instructions; amend KRS 222.005 to provide a definition of “incapacitated by alcohol and other drug abuse”; amend KRS 222.431 to include a person who is incapacitated by drug abuse as persons who may be required to undergo treatment; amend KRS 222.433 to enumerate the type of evidence that a court must review before determining if there is probable cause to go forth with a petition to order treatment for a person alleged to be incapacitated by drug abuse; encourage the Cabinet for Health and Family Services to study various aspects of medical care related to increasing medication-assisted treatment for opioid-addicted postpartum women; encourage the Cabinet to study evidence-based medical management standards related to treatment for addiction in Kentucky and overdose prevention; encourage the Cabinet to develop county and regional response teams for heroin and opioid addiction; encourage the Cabinet to work with medical school and post-graduate training programs in Kentucky to provide a curriculum on the disease of addiction; encourage the Cabinet to collaborate with licensing boards in applicable fields within Kentucky to include continuing education units on the topic of the disease of addiction; encourage the Cabinet to make any recommendation for legislation relating to substance abuse to the Interim Joint Committee on Health and Welfare by November 30, 2015; encourage the Department of Criminal Justice Training to offer voluntary regionalized in-service training on the topic of heroin; EMERGENCY.

(Prefiled by the sponsor(s).)

BR 335 - Senator Bob Leeper (12/01/14)

AN ACT relating to nuclear power.

Amend KRS 278.600 to define “storage” and amend a definition to require that nuclear power facilities have a plan for the storage of nuclear waste rather than a means of 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 disposal of nuclear waste to 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 an entity 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, relating to construction of nuclear power facilities.

(Prefiled by the sponsor(s).)

BR 339 - Representative Brad Montell (12/12/14)

A CONCURRENT RESOLUTION directing the staff of the Legislative Research Commission to study municipal bankruptcy.

Direct the staff of the Legislative Research Commission to study municipal bankruptcy.

(Prefiled by the sponsor(s).)

BR 340 - Representative Brad Montell (12/12/14)

A JOINT RESOLUTION directing the Kentucky Retirement Systems (KRS) board of trustees to have an actuarial audit completed of the assumptions and funding methods adopted by the systems.

Direct the Kentucky Retirement Systems to engage an independent actuarial firm to perform an actuarial audit of the assumptions and funding methods adopted by the systems and report the findings to the KRS board of trustees and the Public Pension Oversight Board.

(Prefiled by the sponsor(s).)

BR 341 - Representative David Floyd (12/09/14)

AN ACT relating to the abolition of the death penalty.

Create a new section of KRS Chapter 532 to abolish the death penalty and replace it with life imprisonment without parole for inmates presently sentenced to death; amend various sections of the Kentucky Revised Statutes to eliminate the term “capital offense” and replace it with Class A felony; amend KRS 532.030, relating to authorized dispositions for felony offenses, to permit imprisonment for life without parole and imprisonment for life without parole for 25 years for offenses formerly denominated as capital offenses; amend KRS 533.010, relating to probation, to prohibit probation for a person sentenced to life without parole or life without parole for 25 years; amend KRS 640.040, relating to penalties for juveniles convicted of felony offenses, to authorize imprisonment for life without benefit of parole for 25 years, but not life imprisonment without benefit of parole, for a Class A felony which was formerly a capital offense; repeal various statutes relating to imposition of the death penalty.

(Prefiled by the sponsor(s).)

BR 342 - Representative John Tilley (12/12/14)

AN ACT relating to criminal GPS tracking.

Amend KRS 508.130 and create a new

section of KRS Chapter 508 to establish the offense of criminal GPS tracking as a Class A misdemeanor.

(Prefiled by the sponsor(s).)

BR 343 - Representative David Osborne (12/11/14)

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.

(Prefiled by the sponsor(s).)

BR 345 - Senator Mike Wilson (12/11/14)

AN ACT relating to school safety.

Amend KRS 158.162 to require public schools to consult with local and state safety officials and National Weather Service and Federal Emergency Management Agency guiding principles when identifying the best available severe weather safe zones.

(Prefiled by the sponsor(s).)

BR 351 - Senator Ernie Harris (12/12/14)

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.

(Prefiled by the sponsor(s).)

BR 352 - Representative Kim King (12/11/14)

A JOINT RESOLUTION designating the “Hospital Corpsman Steve Bechtel Memorial Highway” in Mercer County.

Designate a section of KY 152 in Mercer County as the “Hospital Corpsman Steve Bechtel Memorial Highway”.

(Prefiled by the sponsor(s).)

BR 370 - Senator John Schickel (12/10/14)

A RESOLUTION adjourning the Senate in honor and loving memory of Robert A. “Bob” Flick.

Adjourn in honor and loving memory of Robert A. “Bob” Flick.

(Prefiled by the sponsor(s).)

BR 371 - Senator John Schickel (12/10/14)

A RESOLUTION adjourning the Senate in honor and loving memory of Marvin A. Duerstock.

Adjourn in honor and loving memory of Marvin A. Duerstock.

(Prefiled by the sponsor(s).)

BR 379 - Representative James Kay (12/12/14)

AN ACT relating to energy project assessment districts or EPAD.

Create new sections of KRS Chapter 65 to allow local governments to establish energy project assessment district programs in order to advance the efficient use of energy and water resources by allowing for energy projects to be financed by assessments imposed on only those properties participating in a program; define terms; establish the basic required parameters of a program; allow local governments to impose assessments on participating properties and provide the terms for the collection of the assessments, including the grant of senior tax lien status therefor; allow local governments to issue bonds to finance a program; prohibit a local government from imposing an assessment on property under a program except upon the request of the owner of record; provide that no provision of this Act shall be interpreted to expand the statutory powers of eminent domain belonging to a local government, state agency, or private entity; provide that a local government may only engage financing to administer a program from certain financial institutions; declare short title of the Act.

(Prefiled by the sponsor(s).)

BR 382 - Senator John Schickel (12/10/14)

A RESOLUTION adjourning the Senate in honor and loving memory of Lee R. Frakes.

Adjourn in honor and loving memory of Lee R. Frakes.

(Prefiled by the sponsor(s).)

BR 383 - Senator Albert Robinson (12/08/14)

AN ACT relating to voluntary student expression of religious viewpoints in public schools.

Amend KRS 158.183 to permit students to voluntarily express religious viewpoints in school assignments free from discrimination and to organize prayer groups, religious clubs, or other religious gatherings before, during, and after school to the same extent that students are permitted to organize other noncurricular student activities and groups; create a new section of KRS Chapter 158 to require each board of education to adopt and implement a policy regarding voluntary student expression of religious viewpoints and to establish a limited public forum for student speakers at all school events at which a student is to publicly speak, including graduation; designate procedure for selection of student speakers; require subject of speech to be relevant to event; require district disclaimer indicating nonendorsement of the content of voluntary expressions by students.

(Prefiled by the sponsor(s).)

BR 390 - Representative Richard Heath (12/09/14)

AN ACT relating to charity auctions.

Amend KRS 139.496 to exempt from sales and use tax the gross receipts derived from a charitable auction held by a nonprofit civic, governmental, or other nonprofit organization; EFFECTIVE August 1, 2014.

(Prefiled by the sponsor(s).)

BR 393 - Representative Addia Wuchner, Representative Joseph M. Fischer (12/12/14)

AN ACT relating to controlled substances and declaring an emergency.

Amend KRS 15.334 to require that the Department of Criminal Justice Training provide basic and mandatory regionalized in-service training on the topic of heroin; amend KRS 72.026 to increase the scope of mandatory reporting of deaths involving Schedule I controlled substances; amend KRS 196.288 to increase the scope of the required cost-savings calculations; direct that a portion of recaptured savings from criminal justice reforms be directed to the Department of Corrections to provide funding for the purchase and administration of naltrexone for extended-release injectable suspension, as a component of substance abuse treatment programs operated or approved by the Department of Corrections or supervised by the Division of Probation and Parole; create a new section of KRS Chapter 205 to enumerate the controlled substance treatment services to be offered by the Department for Medicaid Services; amend KRS 217.186 to provide that peace officers, firefighters, paramedics, emergency medical technicians, and school employees authorized under KRS 156.502 to administer medication may receive, possess, and administer naloxone to a person suffering from an apparent opiate-related overdose; establish requirements relating to the use of naloxone on school premises; create a new section of KRS Chapter 218A to require that all substance abuse treatment or recovery providers that receive state funding give pregnant women priority in accessing services; amend KRS 218A.500 to enumerate that if certain conditions are met, a person who informs a peace officer, prior to a search, of the presence of a hypodermic needle or other sharp object, he or she will not be charged with or prosecuted for possession of drug paraphernalia for the needle or sharp object or for possession of a controlled substance for residual or trace drug amounts present on the needle or sharp object; create a new section of KRS Chapter 218A to provide that a person has a defense for possession of a controlled substance if the person in good faith seeks medical assistance and meets certain additional criteria; amend KRS 218A.1412 to provide minimum service time requirements for persons convicted of trafficking of heroin in the first degree; provide that if a defendant commits the criminal act of trafficking of heroin in the first degree and a person dies as a result of the heroin trafficked by the defendant, this is considered a Class A felony; establish various service fees for persons convicted of trafficking

2 grams or more of heroin and above; provide that any service fees collected pursuant to this section be remitted to KY-ASAP to be used as supplemental funding for substance abuse treatment programs operating in county jails that are located within the region in which the offense was committed; allow, upon a motion by the Commonwealth, that a court may consider lowering the minimum service time requirement for a person who is convicted of trafficking in the first degree who provides substantial assistance to the Commonwealth for the prosecution of another; amend KRS 439.340 to require substance abuse treatment or education courses as a condition of release for persons convicted under KRS Chapter 218A; amend KRS 625.050 to enumerate that if certain conditions are met, a woman's parental rights cannot be terminated solely because of her use of a controlled substance; amend KRS 439.3405 and 640.030 to conform; encourage the Department of Corrections to offer video, audio, oral, and written materials to persons housed at correctional facilities within the state that concentrate on educating inmates on Kentucky's drug trafficking laws, associated penalties, and treatment options; encourage public middle school and high school administrators to provide age-appropriate educational material relating to the potential dangers of heroin abuse to all middle and high school students; title the bill the "Heroin Impact Act"; APPROPRIATION; EMERGENCY.

(Prefiled by the sponsor(s).)

BR 401 - Representative Fitz Steele (12/11/14)

A JOINT RESOLUTION designating the Four Seam bridge on Kentucky Route 15 in Perry County as the "Dr. Eli C. Boggs Bridge."

Direct the Transportation Cabinet to designate the Four Seam bridge on Kentucky Route 15 in Perry County, as the Dr. Eli C. Boggs Bridge.

(Prefiled by the sponsor(s).)

BR 402 - Representative Fitz Steele (12/11/14)

A JOINT RESOLUTION designating Kentucky Route 522 from Ross Point to Cumberland in Harlan County as the "UMWA President John L. Lewis Memorial Highway."

Designate Kentucky Route 522 in Harlan County as the UMWA President John L. Lewis Memorial Highway and erect appropriate signs.

(Prefiled by the sponsor(s).)

BR 403 - Representative David Floyd (12/12/14)

AN ACT relating to eminent domain.

Amend KRS 278.502 to exclude natural gas liquids from the definition of oil or gas or oil and gas products as used in that statute; require that oil or gas pipeline condemnation be for a "public use" as defined in KRS 416.675 rather than "public service"; provide that condemnation rights as well as

procedures be governed by the Eminent Domain Act of Kentucky; amend KRS 416.680 to include KRS 416.675 and 416.680 in the Eminent Domain Act of Kentucky.

(Prefiled by the sponsor(s).)

BR 406 - Representative James Kay (12/12/14)

AN ACT relating to health benefit plans which include a tiered formulary for prescription drugs.

Create new sections of Subtitle 17A of KRS Chapter 304 to define terms; require health benefit plans that provide coverage for prescription drugs subject to a tiered formulary to ensure that any copayment or coinsurance applicable to specialty drugs not exceed \$100 per month for up to a 30-day supply and that the copayment or coinsurance for specialty tier drugs shall not exceed \$200 per month in the aggregate; require an exceptions process for tiered formulary plans that allows an insured to request an exception to the tiered cost-sharing structure, including coverage of a non-preferred drug under the cost sharing, applicable for preferred drugs if the prescribing physician determines that the preferred drug would not be as effective or would have an adverse effect, or both, for the insured, and denial of a cost-sharing exception shall be subject to an external review; prohibit placing all drugs of the same class in a specialty tier; require the commissioner to promulgate administrative regulations to implement this section; provide that nothing in the section requires coverage of any drugs not otherwise required by law, specific utilization management techniques, or ceasing utilization of tiered cost-sharing structure; provide that nothing in the section is to be construed to require a pharmacist to substitute a drug without the written consent of the prescribing physician; provide that the new sections apply to health benefit plans issued, amended, or renewed on or after January 1, 2016.

(Prefiled by the sponsor(s).)

BR 407 - Representative James Kay (12/11/14)

AN ACT relating to charitable gaming.

Amend KRS 238.505 to include banquets in the list of activities that may be considered to be charity fundraising events; amend KRS 238.535 to allow raffles to be conducted beyond the limits of a county; amend KRS 238.545 to allow minors to play bingo if they are playing for noncash prizes and they are accompanied by an adult; require unique identifier on raffle tickets; allow up to eight charity fundraising events per license per year; specify where charity fundraising events may be held; amend KRS 238.540 to conform.

(Prefiled by the sponsor(s).)

BR 410 - Representative Julie Raque Adams

(12/10/14)

AN ACT relating to shock probation.

Amend KRS 439.265 to prohibit shock probation if a person is convicted of violating KRS 507.040, relating to manslaughter in the second degree, or KRS 507.050, relating to reckless homicide, and a violation of KRS 189A.010, relating to driving under the influence, arising from the same incident; permit the victim's next of kin to ask the court to permit shock probation.

(Prefiled by the sponsor(s).)

BR 414 - Representative Reginald Meeks (12/11/14)

AN ACT relating to minimum wage.

Amend KRS 337.275, relating to the minimum wage, to include anti-preemption language permitting local governments to establish minimum wage laws in excess of the state minimum wage.

(Prefiled by the sponsor(s).)

BR 426 - Representative Joni L. Jenkins (12/10/14)

AN ACT relating to postsecondary education tuition fees.

Amend KRS 164.2841 and 164.2842 to identify correctional officers of urban-county governments and metropolitan correctional services divisions as law enforcement officers; allow postsecondary education tuition fees to be waived for survivors of correctional officers of urban-county government and metropolitan correctional services divisions killed or permanently and totally disabled in the line of duty.

(Prefiled by the sponsor(s).)

BR 456 - Representative Leslie Combs (12/11/14)

AN ACT relating to alcohol and drug counseling.

Amend KRS 309.080 to define "licensed clinical alcohol and drug counselor," "licensed clinical alcohol and drug counselor associate," "licensee," "practice of alcohol and drug counseling," "registered alcohol and drug peer support specialist," and "registrant"; amend KRS 309.0805 to include "licensed clinical alcohol and drug counselor," "licensed clinical alcohol and drug counselor associate," and "registered alcohol and drug peer support specialist" among the titles that may not be used by persons not licensed, certified, or registered under KRS 309.080 to 309.089; amend KRS 309.081 to conform; amend KRS 309.0813 to include new licensure categories require the Board of Alcohol and Drug Counselors to promulgate administrative regulations to define the process to register with the board; create a new section of KRS 309.080 to 309.089 to establish requirements for registration as an alcohol and drug peer support specialist; amend KRS 309.083

to stipulate that certification requirements shall also include three hours of domestic violence training and training in suicide assessment, treatment, and management; create a new section of KRS 309.080 to 309.089 to establish requirements for licensure as a licensed clinical alcohol and drug counselor; create a new section of KRS 309.080 to 309.089 to establish requirements for licensure as a licensed clinical alcohol and drug counselor associate; create a new section of KRS 309.080 to 309.089 to require the board to promulgate regulations to define the process to register as a supervisor of record; amend KRS 309.084 to eliminate outdated language and require the board to temporarily extend licensure to certified alcohol and drug counselors with at least a master's degree; create a new section of KRS 309.080 to 309.089 permit licensure, certification, or registration by reciprocity; amend KRS 309.085, 309.086, 309.087, and 309.089 to conform; create a new section of KRS 309.080 to 309.089 to require the board to deposit all moneys into a revolving fund in the State Treasury; amend KRS 194A.540 to include licensed alcohol and drug counselors and alcohol and drug peer support specialists; amend KRS 210.366 to conform; amend KRS 222.005 to include licensed or certified alcohol and drug counselors under the term "qualified health professional."

(Prefiled by the sponsor(s).)

BR 470 - Representative Jill York (12/12/14)

AN ACT relating to financial disclosure statements.

Amend KRS 6.787 to include names of clients paying more than \$1,000 annually to a consulting firm owned by a legislator or spouse, or which employs a legislator or spouse in the statement of financial disclosure; exclude legislators who are attorneys from requirement.

(Prefiled by the sponsor(s).)

BR 471 - Representative Brad Montell (12/10/14)

AN ACT relating to scholarships for at-risk children.

Create a new section of KRS Chapter 141 to establish a scholarships for at-risk children tax credit program for scholarships for at-risk children; provide a nonrefundable credit against the income tax imposed under KRS 141.020 or 141.040, and the limited liability entity tax imposed under KRS 141.0401, for contributions made to a scholarship organization that is organized solely for the purpose of receiving and distributing cash contributions to provide educational scholarships to eligible students at qualified schools; amend KRS 141.010 to exclude from the definition of "adjusted gross income" the amount received by an eligible student or by an individual on behalf of an eligible student as an educational scholarship under the program; amend KRS 141.0205 to provide the order in which the credit may be claimed.

(Prefiled by the sponsor(s).)

BR 472 - Representative Brad Montell (12/12/14)

AN ACT relating to an income tax deduction for qualified tuition programs.

Amend KRS 141.010 to allow a tax deduction for contributions to a qualified tuition program for higher education.

(Prefiled by the sponsor(s).)

BR 473 - Representative Gerald Watkins (12/09/14)

AN ACT relating to voluntary student expression of religious viewpoints in public schools.

Amend KRS 158.183 to permit students to voluntarily express religious viewpoints in school assignments free from discrimination and organize prayer groups, religious clubs, or other religious gatherings before, during, and after school to the same extent that students are permitted to organize other noncurricular student activities and groups and allow for expression of religious viewpoints through dress to the same extent as students are permitted to express viewpoints through nonreligious dress; create a new section of KRS Chapter 158 to require each board of education to adopt and implement a policy regarding voluntary student expression of religious viewpoints and to establish a limited public forum for student speakers at all school events at which a student is to publicly speak, including graduation.

(Prefiled by the sponsor(s).)

BR 474 - Representative Gerald Watkins (12/09/14)

AN ACT relating to sentencing by juries.

Create a new section of KRS Chapter 532 allowing sentencing juries in misdemeanor trials to see all prior convictions regardless of the kind or offense or the date; amend KRS 532.055 to conform.

(Prefiled by the sponsor(s).)

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* - denotes primary sponsorship of BRs

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The Kentucky Legislative Research Commission is a 16-member committee of the majority and minority leadership of the Kentucky Senate and House of Representatives. Under Chapter 7 of the Kentucky Revised Statutes, the LRC constitutes the administrative office for the General Assembly. Its director serves as chief administrative officer of the Legislature when it isn't in session.

The Commission and its staff, by law and by practice, perform numerous fact-finding and service functions for members of the Legislature, employing professional, clerical and other employees required when the General Assembly is in session and during the interim period between sessions. These employees, in turn, assist committees and individual legislators in preparing legislation. Other services include conducting studies and investigations, organizing and staffing committee meetings and public hearings, maintaining official legislative records and other reference materials, providing information about the Legislature to the public, compiling and publishing administrative regulations, administering a legislative intern program, conducting orientation programs for new legislators, and publishing a daily index and summary of legislative actions during sessions.

The LRC is also responsible for statute revision, publishing and distributing the Acts and Journals following sessions, and for maintaining furnishings, equipment and supplies for the Legislature. It also functions as Kentucky's Commission on Interstate Cooperation in carrying out the program of the Council of State Governments as it relates to Kentucky.

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