



Rep. Ken Fleming, R-Louisville, speaks during the June Interim Joint Committee on Local Government meeting.

## Cities seek local revenue options, lawmakers told

by Rebecca Hanchett  
*LRC Public Information*

FRANKFORT—It took around \$150 million to revitalize Owensboro’s waterfront, says the city’s mayor Tom Watson. But paying for the project under the city’s existing tax structure wasn’t easy.

No new city revenue stream was available for the project at the start, said Watson, pushing the city seek other funding sources including some federal funds. Having more local tax options—including the option to levy a restaurant tax, which Owensboro cannot levy under current Kentucky law—would help cities like his build their infrastructure and be more competitive, he told the Interim Joint Committee on Local

Government on June 28.

Kentucky is one of only a handful of states that does not give cities or counties authority to level a local option sales tax, although proposals have been considered in recent legislative sessions.

“We think we have as much understanding as anybody of what our community can tolerate, of what they’d be interested in,” Watson told the committee. “I’m not a tax-and-spend guy, I promise you ... and this is just an option. We’d like to have some control and some say in what happens.”

Joining Watson before the committee was Kentucky League of Cities (KLC) President and Sadieville Mayor Claude Christensen, who said

**Continued on page 2**

## From telehealth to midwifery: Health issues studied

by Jim Hannah  
*LRC Public Information*

FRANKFORT – Using video calling services like FaceTime or Skype can be good for your health – but not for the physician’s bottom line.

That’s according to testimony giving during the July 17 meeting of the Interim Joint Committee on Health and Welfare and Family Services.

“It’s about payment parity,” said Dr. William C. Thornbury Jr., who testified in support of proposed legislation that would allow Kentucky’s physicians to get reimbursed the same amount for video appointments as they command for office visits.

The practice of incorporating new communication technologies when treating patients, broadly known as telemedicine or telehealth care, is already being used in Kentucky to treat routine problems like urinary tract infections, sore throats and rashes.

Thornbury said the proposed legislation would encourage the expansion health benefit plan coverage of telehealth care for the treatment of chronic diseases such as diabetes, autoimmune disorders and asthma. He said Kentucky’s doctors need to get reimbursed for the same as office visits for the strategic planners in the large health care systems to invest in telehealth care technology while maintaining the brick-and-mortar offices that are still necessary to serve pa-

tients with chronic diseases.

Thornbury said he is president of the Kentucky Academy of Family Physicians, a group that supports the legislative intent of the proposed bill.

Rep. Steve Riley, R-Glasgow, who sponsored similar legislation during the last session, said the proposed measure would also ease the physician shortage in the state.

“I think we all know we have difficulty getting in to see our doctor,” he said. “I know that many of you have gone to the doctor and in many cases had to wait two hours for a visit. You are busy people. We are all busy people. We have a lot of

**Continued on page 2**

# Health, from page 1

people in those situations. Those long visits make it very difficult to see a doctor in a timely manner.”

Rep. Mary Lou Marzian, D-Louisville, said telehealth care might not help residents from the poorest rural counties where the physician shortage is most acute.

“What do we do about folks in Kentucky in really rural areas without access to broadband?” she said. “How do we address those issues?”

The committee also discussed these proposed bills:

The “Midwifery Legislation in the Commonwealth” proposal would certify practicing midwives who are not registered nurses. Rep. Addia Wuchner, R-Florence, said the measure would create a certified professional midwives council under the Kentucky Board of Nursing. The measure would require midwives to follow public health reporting laws concerning diseases and vital statistics in addition to make midwifery illegal, in most instances, for those who are not licensed.

May Kathryn DeLodder of the Kentucky Home Birth Coalition testified that there are – at the most – four registered nurse midwives who are attending home births in Kentucky. She said the other about 85 registered nurse midwives practice exclusively in hospitals.

“That leaves the majority of Kentucky’s 700 annual home births in the purview of other midwives,” DeLodder said of the midwives that the proposed legislation seeks to regulate. “These

other midwives have basically been pushed underground with the medical community complicit in turning a blind eye.”

The “Hospital Peer Review” proposal would limit the public’s access to hospital peer reviews in medical malpractice suits. Sen. Ralph Alvarado, R-Winchester, said the bill is necessary to allow doctors to offer honest criticism of each other in a private setting without worrying that their words later could be used as evidence in a courtroom.

Sen. Stephen Meredith, R-Leitchfield, spoke in support of the proposed legislation.

“I think you really have to look at the intent of peer review,” he said. “It is to improve the quality of care rendered to a community, not to provide fodder for litigation.”

Lawyer Liz Shepherd, president of the Kentucky Justice Association, testified against the proposed legislation.

“This proposed legislation protects a special class of people – hospitals and nursing homes – from the truth,” she said. “The proposed legislation would shield the facts from what really occurred from family members.”

Alvarado responded to Shepherd by pointing out that 49 other states extend a legal privilege to medical peer review so that someone who sues a doctor cannot subpoena statements made by colleagues during the review process.

“What we are proposing in this bill is very similar to lots of other states in the country where lawyers seem to do very well in discovering information you claim is going to be hidden by this legislation,” Alvarado said.

The “Livable Home Tax Credit Program” proposal would provide a tax break for people with multiple sclerosis who need to modify their houses with such things as wheelchair ramps and walk-in showers.



Rep. Mary Lou Marzian, D-Louisville, comments on telehealth care during the July meeting of the Interim Joint Committee on Health and Welfare and Family Services.

Keith Johnson, a certified public accountant in Elizabethtown who has multiple sclerosis, testified that a tax credit in the current fiscal environment might not be popular but a limitation could be placed on the dollar amount any one person receives or the state gives out in any given year.

“There are ways to manage the costs,” he said.

Wuchner, who chaired the meeting, said all the issues discussed had been brought up in prior sessions, but legislators couldn’t come to a consensus on how best to act.

“This is the time to work out the issues during the interim and bring light on them and see what we need to get cleared up,” she said. “We are in the process of doing exactly what we need to do during this interim process.”

# Cities, from page 1

his response to local tax reform is “yes, please.” With only 332 residents, Sadieville doesn’t have much tax revenue. And it’s not alone: Most of Kentucky’s cities, or 52 percent, have fewer than 1,000 residents, said Christensen.

Another issue raised was city-county revenue-sharing. Watson said he would like to see more on that front, although Committee Co-chair Rep. Michael Meredith, R-Brownsville, cautioned against General Assembly involvement in such situations.

“I think it’s a city-by-city, county-by-county kind of situation that probably we don’t, as a General Assembly, need to step into because it is really a case-by-case basis,” said Meredith.

Committee Co-chair Sen. Joe Bowen, R-Owensboro, said the issues affecting Owensboro and Sadieville affect cities all across Kentucky. He

mentioned the 2014 General Assembly changed the way cities are classified under state law, with all cities now falling under two classifications – first-class (Louisville) and Home Rule (all other cities)—instead of the previous six. The change removed what KLC has called the “restrictions and red tape” of the old classification system to help all cities while safeguarding certain privileges the old system gave smaller cities.

“It’s an economy of scale,” said Bowen.

Still, Watson and Christensen see room for improvement. Owensboro is still prohibited from levying a restaurant tax. Only cities classified as fourth or fifth class cities as of January 2014 can do that. And Sadieville, a former sixth-class city, is limited in its ability to raise revenue as well, specifically occupational tax, said Christensen.

“I can’t levy an occupational tax in Sadieville. By statute, I’m prohibited from doing that,” said Christensen. “So we’re limited.”

Christensen said he wants to partner with the General Assembly as both a small-town mayor and KLC President to level and improve the local tax structure.

“So if your question today for me, at least, is what we need in small towns, we need you to trust us. We have adding machines and calculators, we have smart people, we have capable people to manage money,” said Christensen. “We need flexibility.”

Meredith reassured the mayors that providing more local flexibility is part of discussions at the state legislative level, including discussions relating to local taxation. “Hopefully we can move those forward,” he said.



# Kentucky National Guard well-prepared, panel told

by Rebecca Hanchett  
*LRC Public Information*

FRANKFORT—Kentucky has 197 National Guard personnel currently deployed with the U.S. Army or U.S. Air Force, with future mobilizations planned for later this year and in 2018 and 2019, state lawmakers were told on July 13.

Kentucky Adjutant General Maj. Gen. Stephen R. Hogan, who is the head of the Kentucky Army and Air National Guard and Executive Director of the state Department of Military Affairs, told the Interim Joint Committee on Veterans, Military Affairs and Public Protection that most of those now mobilized are soldiers. The 207th Engineers out of Hazard and Jackson have 155 personnel deployed around the world, with 34 more from other groups and divisions also mobilized. Another 160 or more are planned to be mobilized starting this month through April 2019, he said.

But national defense is only part of the agency's mission, said Maj. Gen. Hogan. Another part is responding to state needs.

"The citizen aspect of this is just as important as the military aspect of this," he told lawmakers. That includes readiness for disaster including cyber or general terrorism, earthquake, snow or fire—including wildfires.

Rep. Rob Rothenburger, R-Shelbyville, asked Maj. Gen. Hogan about the Kentucky National Guard's readiness to assist in time of fire or other natural disasters. Rothenburger recalled wildfires that ripped through areas of Eastern Kentucky and Tennessee in recent years.

"Last year, Gatlinburg was extremely devastated by the catastrophe," he said.

Maj. Gen. Hogan said the response to those fires was air-delivered buckets. His agency is ready to deliver that same response today, he said. Putting trained personnel on the ground, he added, would take 72 hours of preparation.

Ensuring Kentucky National Guard personnel are ready for any eventuality is key, Maj. Gen. Hogan explained. Soldiers must be physically fit and mentally able to confidently serve in the Kentucky National Guard—and they are.

"We are right now as physically adept as our active duty counterparts," he told lawmakers.

Rep. Tom Burch, D-Louisville, complimented the National Guard's dedication to training. Burch entered the U.S. Navy when he was 17 years old, and not with the best training, he explained. "We were trained the minute we were



Rep. Rob Rothenburger, R-Shelbyville, comments during the July 13 meeting of the Interim Joint Committee on Veterans, Military Affairs and Public Protection.

met with the conflict," said Burch.

Today, Maj. Gen. Hogan said, soldiers and air personnel are given much more attention before they go into battle.

"The young soldiers in the active Army and active Air Force and the active force, they were trained on their systems and their apparatus ... and how to manage the war fight," he told Burch.

Maj. Gen. Hogan was awarded the committee's Distinguished Veteran Award as he concluded his presentation. The committee created the program, said USAF Reserve Col. and the committee's Co-Chair Rep. Tim Moore, R-Elizabethtown, to recognize that some Kentucky veterans "have risen to the level of being distinguished due to their lifelong commitment of serving both in and out of the military."

We have made it clear "we stand with and behind those who are serving all of us in any kind of uniform capacity," said Moore.

The award was presented by fellow committee Co-chair Sen. Albert Robinson, R-London, who chaired the July 13 meeting.

# Kentucky taps into craft beer craze to grow economy

by Jim Hannah  
*LRC Public Information*

GEORGETOWN – Kentucky craft beer had an estimated annual economic impact of \$495 million last year. That figure is expected to increase by 70 percent by year's end.

"The story of Kentucky breweries is a story of economic growth, job creation and pursuit of the American dream," said Kentucky Guild of Brewers President Adam Watson while presenting the economic impact figures at the Interim Joint Committee on Licensing, Occupations and Administrative Regulations meeting on July 14 inside a new Country Boy Brewing production facility. "From Prestonsburg to Paducah, you have a brewery near you. You should go see what's happening in it."

Kentucky craft brewers directly employ more than 600 Kentuckians, said Watson, who is also an owner of Against the Grain Brewery in Louisville.

"We understand there are diverse opinions on alcohol across Kentucky and we do respect those differences," he said. "One thing we can all get behind, though, are the economics of craft brewing in Kentucky. Craft breweries are excellent examples of the small businesses that make up the most important threads of this country's employment tapestry."

Senate Majority Floor Leader Damon Thayer, R-Georgetown, said the Country Boy Brewing facility is a great example of what can happen when the General Assembly removes artificial barriers to free enterprise to allow a business like this to grow.

"We are glad to have everyone here at Country Boy, the only new-construction brewery in Kentucky ... and emblematic of the growing craft-beer sector here in the commonwealth," he said.

Rep. Phillip Pratt, R-Georgetown, said the facility represents the entrepreneurial spirit of Kentucky.

"I've watched this place grow from four guys in their back yards to what you see today," he said. "This is what happens when you work

**Continued on page 53**

# 2017

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# Committee Meetings

## Index

- A  
Administrative Regulation Review Subcommittee, 33  
Agriculture, 18
- C  
Capital Planning Advisory Board, 38  
Capital Projects and Bond Oversight, 40
- E  
Economic Development and Workforce Investment,  
12, 24  
Education, 27  
Education Assessment and Accountability Review  
Subcommittee, 43
- G  
Government Contract Review Committee, 46
- H  
Health and Welfare and Family Services, 15
- J  
Judiciary, 8, 26
- L  
Licensing, Occupations and Administrative Regu-  
lations, 11  
Local Government, 20
- S  
State Government, 21
- T  
Transportation, 30
- V  
Veterans, Military Affairs and Public Protection, 10

### INTERIM JOINT COMMITTEE ON JUDICIARY

#### Minutes of the 1st Meeting of the 2017 Interim

June 7, 2017

#### Call to Order and Roll Call

The 1st meeting of the Interim Joint Committee on Judiciary was held on Wednesday, June 7, 2017, at 9:00 AM, in Covington, KY. Representative Joseph M. Fischer, Chair, called the meeting to order, and the secretary called the roll.

#### Present were:

Members: Representative Joseph M. Fischer, Co-Chair; Senators Joe Bowen, Danny Carroll, Perry B. Clark, Ray S. Jones II, Alice Forgy Kerr, and Wil Schroder; Representatives Larry Brown, Tom Burch, McKenzie Cantrell, Daniel Elliott, Angie Hatton, Joni L. Jenkins, Chad McCoy, Kimberly Poore Moser, Jason Nemes, Darryl T. Owens, Jason Petrie, and Brandon Reed.

Guests: Representative Addia Wuchner, Representative Kim Moser, Jennifer Diaz, Sophie Diaz, Heather Wagers, Lt. Lawrence Newton, Mike Hammons, Lt. Colonel Mark Brandt, Jennifer Hunter, Kristie Blanchet, Judge Julie Reinhardt Ward, Mary Decker, and Anna Stark.

LRC Staff: Katie Comstock, Alice Lyon, Chandani Kemper, Dale Hardy, Crystal Allen, Brian Lock, Matt Trebelhorn, and Elishea Schweickart.

#### Welcome

Gene Kirchner, with the Northern Kentucky Chamber of Commerce, gave a brief welcome to the committee members.

#### Child Abuse Offender Registry: 17 RS HB 129

Representative Wuchner, sponsor of 17 RS HB 129, discussed the bill's concept and goals. Jennifer Diaz, the mother of a child abuse survivor, Sophie; Heather Wagers, Staff Attorney for the Kentucky State Police (KSP); Lt. Lawrence Newton, KSP Criminal Identification and Records Branch; and Mike Hammons, Senior Director of Advocacy with Children, INC., also spoke in support of the bill.

Kentucky, as a whole, has produced low child protection statistics and higher fatality statistics due to child abuse and neglect. As a result of these statistics, the General Assembly has passed legislation in the past several years to improve the lives of young Kentuckians. Some of this legislation includes the child fatality and near fatality external review panel bill, the pediatric abusive head trauma bill, the foster care driver's

license bill, and a bill requiring background checks for childcare providers.

Representative Wuchner explained that 2017 RS HB 129 was a bill that would require those who have been convicted of a crime against a child to register on a public registry. This registry would be maintained by KSP, and would be a website similar to the sex offender registry. Parents, family members, and childcare providers would be able to check this registry when needed. Due to the various types of child abuse, Ms. Wagers explained that judges would have discretion when it came to ordering someone to register, and discretion about the time frame that they would be on the registry for.

Ms. Wagers explained how this registry would be funded. The bill provided that \$25 would come out of each misdemeanor expungement petition fee and \$250 would come out of each felony expungement petition fee. Ms. Wagers stated that, based on current numbers, KSP believes these amounts would raise \$300,000 and make funding this registry possible.

Ms. Diaz discussed Sophie's story. She explained how her daughter was abused by her babysitter. Sophie survived without lifelong injuries, but Ms. Diaz explained to the committee that many children are not as lucky as her daughter. In 2016, Kentucky had several child fatalities as a result of abuse, five out of nine of those child fatalities involved people who had history with the Cabinet for Health and Family Services. Ms. Diaz strongly urged the General Assembly to consider this legislation so that children in Kentucky can be further protected.

Responding to a question from Representative Jenkins, Ms. Wagers stated that the only way an individual would be on this registry is if he or she was convicted of a crime against a child and was placed on the registry by the court.

Responding to a question from Senator Schroder, Representative Wuchner stated that the registry would not do full background checks on individuals but would allow immediate access for anyone to see if an individual has a child abuse conviction. The Cabinet for Health and Family Services supports the bill.

Responding to a suggestion from Representative Nemes, Representative Wuchner stated that she has already begun discussions on possibly using this registry to help individuals get treatment.

Responding to a question from Representative Fischer, Representative Wuchner



stated that Indiana is the only state with a child abuse registry, making Kentucky the second state to do this if it passes in the 2018 legislative session.

Responding to a question from Senator Carroll, Representative Wuchner stated that she believes the registry will be extremely helpful to parents, especially those who find themselves in need of an emergency babysitter.

Responding to a question from Representative Burch, Representative Wuchner stated that the registry will only reflect individuals who have been convicted of a heinous crime against a child. These crimes include: fetal homicide, criminal homicide, assault and related offenses, kidnapping, and family offences to some extent.

Responding to a question from Senator Carroll, Representative Wuchner stated that she hopes that, if this registry is created, it will someday list move-in offenders. Because this type of registry is new though, she does not know when out of state offenders would be added to it.

Responding to a question from Representative Jenkins, Representative Wuchner stated that there would be language added to the webpage to remind parents and caregivers to be careful who is around their children, regardless if they are listed on the registry.

Responding to a question from Representative Elliott, Ms. Wagers stated that the bill would not include cases covered under KRS Chapter 620.

#### **Pathway to Addiction Treatment in Jail**

Representative Kim Moser discussed the Chemical Dependency Program (CDP) in the Campbell County Detention Center. Representative Moser stated that CDP reduces relapse and recidivism, and promotes sustainable recovery. Lt. Colonel Mark Brandt, Chief Deputy of the Campbell County Detention Center; Jennifer Hunter, Director of Clinical Services at the Northern Kentucky Health Department; Kristie Blanchet, Campbell County Detention Center Chemical Dependency Program Manager; Judge Julie Reinhardt Ward, Mary Decker, Brighton Center; and Anna Stark, Greater Cincinnati Behavioral Health Services, also spoke on the panel with Representative Moser.

One hundred twenty-nine people die every day in the United States due to opioid use disorder. In 2016 alone, 1,500 Kentucky residents died of heroin overdoses. Opioid use disorders also stretch many of Kentucky's systems thin, including the justice system, child protective services, healthcare systems, and Medicare. Eighty-three percent of Kentucky inmates are incarcerated on a drug related charge, and Kentucky has the highest rate of children with incarcerated parents.

Lt. Colonel Brandt said that the Campbell

County Detention Center recognized a need to address the heroin problem faced by Northern Kentucky. After extensive research, the CDP was created where drug addicted inmates can have up to six months of treatment while in jail. This is then followed up by a two year involvement with many different agencies so these individuals have a better chance at remaining sober. Program criteria includes:

1. All applicants should be a female Campbell County resident;
2. Immediate alcohol or drug related charges;
3. History of alcohol or drug related charges;
4. Length of incarceration must exceed time necessary to participate in the program;
5. Must complete the Women's Risk Needs Assessment and be identified as having a substance use disorder.

The cost of this treatment program per participant is \$8800, which is lower than the cost of these offenders being re-jailed for further drug offences. Lt. Colonel Brandt stated that this program helps to repair families that have been affected by drug use, and integrates women in this program into the community, which helps raise these individuals' chance of success.

Judge Ward, with the Campbell County Circuit Court, also spoke in support of this drug treatment program. She stated one of the things that she appreciates the most from this program is that these women are getting a chance they most likely would not otherwise get. She stated that despite popular belief, most jails do not usually offer any type of drug treatment. Judge Ward stated that participants in this program are women who have been sentenced to incarceration because it is believed that they cannot be managed (at that time) in their communities, but CDP gets them the treatment they need and gets them back into society. An individual voluntarily placed in this program will be incarcerated in treatment for 6 months. This is a longer incarceration time than many inmates receive when serving jail time alone without treatment. Once released from the program, individuals will then be placed on probation and will receive one-on-one individualized attention so that they can be successful in their sobriety and their lives.

Ms. Blanchet stated that a lot of research went into the CDP. The goal is to serve the population of inmates that was really lacking, which is women. When this program was started, curriculum and risk assessments were all considered. The Women's Risk Needs Assessment, a gender responsive assessment tool developed by the University of Cincinnati, is used to assess women for placement in the program. This assessment is also paired with a curriculum that is gender neutral, but works well with developing an individualized treatment

plan for women once they leave the jail.

There are four stages to this program:

**Stage 1** - Introduction to why someone would resist treatment, methods to rethinking their resistance, and the pros and cons of addiction and recovery.

**Stage 2** - Motivational engagement: Cognitive behavioral intervention through motivational interviewing, which recognizes there will be ambivalence in the group, requiring response and redirection. Cognitive restructuring teaches recognition and modifications of behavior.

**Stage 3** - Emotion Regulation: Recognition of emotions, feelings, and consciousness of self-control. All participants will learn strategies to manage, anger, stress, anxiety, sadness, and how to build themselves up from rejection and failure. Social skills and problem solving are also an important part of this stage.

**Stage 4** - Success Planning: Develop a plan, stay on track and positively handle a barrier or trigger through rehearsal and presentation, and create accountability with peers. The treatment team will meet in this stage for preparation of release from the CDP.

This program is also set up to help the families of these women, especially their children.

Many different agencies work with the CDP to provide support for women once they leave the jail. One of these program partners is St. Elizabeth Medical Center, who provides parenting classes for all women in the CDP. Participants interested in Vivitrol will be connected to St. Elizabeth Addiction Services the same day of release. CDP is also partnered with the Northern Kentucky Community Action Commission, which helps participants with financial classes, continued education, Medicaid enrollment (if needed), and in house financial readiness classes.

Ms. Hunter spoke about how the women and children of the CDP participants are connected with Northern Kentucky Health Department (NKHD) Nurses and Greater Cincinnati Behavioral Health Services through a safety net program. This is a program that lasts for two years after a woman is released from the CDP. The safety net program allows the health department to accomplish several things with the women, and their families, in the CDP program. Some of the services the NKHD provides includes: focus on assisting the women and their children with public health and medical needs once released, home visits, clinic visits, and assessing priority medical needs of the woman and their children and linking them to proper care.

Ms. Decker spoke about the Brighton Center. The vision of the Brighton Center is to help women in the CDP move from crises to stability, then to self-sufficiency. Brighton Center engages with the women while they are still incarcerated,

using meetings and an initial assessment to know how they can help each CDP participant.

Ms. Stark spoke about Greater Cincinnati Behavioral Health Services role in this program. Greater Cincinnati Behavioral Health Services provides the women with mental health and substance abuse services once they are released from the facility. The agency provides mental health needs to children and families of the participants if they are in a family home. Services provided are trauma informed. Services provided by Greater Cincinnati Behavioral Health Services are partially reimbursed by Medicaid, with a cost of about \$100.00 per hour. Any cost that is more than Medicaid reimbursement is covered by United Way and fundraising.

Responding to a question from Senator Schroder, Judge Ward stated that judges have discretion on whether a person should be in the program longer than six months.

Responding to a question from Representative Cantrell, Representative Moser stated that she hopes these services continue despite the uncertainty with the future of Medicaid.

Responding to a question from Representative Jenkins, Lt. Colonel Brandt stated that, due to limited funding and space, the program is only available to inmates who are the least threat to the community and the most successful.

Responding to a question from Senator Carroll, Ms. Blanchet stated that the women in the program are seen by a psychiatrist, who may prescribe medication for their mental health, and the women are closely monitored to make sure they are not being overmedicated.

Responding to a question from Representative Owens, Lt. Colonel Brandt stated that the CDP program currently has 20 beds with a goal of expanding to soon expand to 40 beds. Responding to a follow up question from Representative Owens, Ms. Hunter stated that she believes the nurses are able to carry the large caseloads.

There being no further business, the meeting was adjourned at 10:35 PM.

## **INTERIM JOINT COMMITTEE ON VETERANS, MILITARY AFFAIRS, AND PUBLIC PROTECTION**

### **Minutes of the 1st Meeting of the 2017 Interim**

June 8, 2017

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

The 1st meeting of the Interim Joint Committee on Veterans, Military Affairs, and Public Protection was held on Thursday, June 8, 2017, at 1:00 PM, in Room 154 of the Capitol Annex. Representative Tim Moore, Chair, called the meeting to order, and the secretary called the

roll.

Present were:

Members: Senator Albert Robinson, Co-Chair; Representative Tim Moore, Co-Chair; Senators C.B. Embry Jr., Ernie Harris, Dennis Parrett, Wil Schroder, and Mike Wilson; Representatives Robert Benvenuti III, Regina Bunch, Tom Burch, Jeffery Donohue, Myron Dossett, Jeff Greer, Mark Hart, Dan Johnson, DJ Johnson, Donna Mayfield, Ruth Ann Palumbo, Brandon Reed, Rob Rothenburger, Dean Schamore, and Walker Thomas.

Guests: Chief Jeff Pohlman, Alexandria Fire Department; Col. (Ret.) Blaine Hedges, Executive Director, Stacey Shane, Executive Assistant, Kentucky Commission on Military Affairs (KCMA); and Heather French Henry, Deputy Director, Kentucky Department of Veterans Affairs (KDVA).

LRC Staff: Erica Warren, Jessica Zeh, Jonathan Philpot, and Rhonda Schierer.

#### **Distinguished Veteran**

Chief Jeff Pohlman from the Alexandria Fire Department was recognized as a distinguished veteran. He gave a brief description of his position and led the committee in the Pledge of Allegiance.

#### **Kentucky Commission on Military Affairs Briefing**

Col. Blaine Hedges, Executive Director for the Kentucky Commission on Military Affairs (KCMA), gave a PowerPoint presentation on KCMA's vision, mission, strategic goals, and desired outcomes. Colonel Hedges stated that KCMA's vision is to ensure that Kentucky achieves its full potential in supporting and partnering with our military while creating enduring economic opportunity for the Commonwealth. KCMA's mission is guided by Kentucky statute and the KCMA addresses all matters of military significance by advising and nesting efforts with key stake holders, protecting and growing our military installations and activities, expanding its defense-related industry, and improving the quality of life for our service members, veterans, and their families in order to fulfill an obligation of never-ending support to our military population and the citizens of Kentucky. Colonel Hedges explained that the end goal is to grow our installations and National Guard missions, functions, and personnel end-strength and to increase Kentucky's \$12 billion dollar defense economic impact by \$2 billion.

KCMA's strategic goals are to protect and grow DoD installations and activities; expand economic impact of Kentucky's defense-related industry; develop and implement the model for transitioning service members, veterans, and spouses; establish Kentucky as the most military friendly state in the nation and grow veteran and retiree populations; and to communicate

strategically in order to gain inter-agency, inter-governmental and public-private partnership support for strong military advocacy. The desired outcomes from the strategic goals include grow military personnel missions/functions, increase defense economy by \$2 billion dollars, fill Kentucky critical job shortages, expand military legislative benefits and population, and gain advocacy with all stakeholders.

Colonel Hedges discussed the KY model for transitioning service members, veterans, and spouses. To achieve successful transitioning, it is important to synchronize effort and cooperation by all stakeholders, determine state cabinet responsibilities and gain buy-in/ownership, develop a comprehensive national recruitment strategy-face of Kentucky, emphasize and execute a strategic level communication plan, use best practice accelerated existing programs, tap into the transitioning service member markets across the state and the nation, make Kentucky most military friendly state in the nation, and target and promote military spouse employment.

Phase I will be creating the Kentucky Service Members/Veterans Career Transition Centers to partner with service members transitioning out of the military service to build upon increasing military residency population and a qualified workforce. The Fort Knox Career Skills Program will focus on mid-senior level management for a fellowship program, Lean Six Sigma certification, project manager program certification, and entrepreneurial training. Fort Campbell Career Skills Program will focus on veterans who are 20-26 years of age and include veterans in piping, mechatronics, hiring our hero's corporate fellowship, Tiller Transition to Trades HVAC, Plumbing, Electrical, and Microsoft. Colonel Hedges added that Phase I is Career Skills Synchronization, Phase II is Establish Career Transition Centers, and Phase III is Incorporate Civilians.

In response to a question from Chairman Moore, Colonel Hedges explained that tax reform would be a way for legislators to help craft policy. He stated that he would like to have a study completed from property taxes to fishing licenses and then present them to the legislature.

#### **World War I Centennial Events Update**

Heather French Henry, Deputy Director, Kentucky Department of Veterans Affairs (KDVA), gave a PowerPoint presentation on the WWI Centennial Committee. There are 27 local, state, and national organizations represented on the KY WWI Centennial Committee. The names of these 27 are listed in the PowerPoint which is a part of this official record. The Kentucky WWI Centennial Committee has embarked on a three-year commemorative effort to remember and honor Kentucky's role in "The Great War." The commemoration begins April 6, 2017 and



will conclude in the summer of 2019 with dates being highlighted throughout. The mission is to promote events, highlight important historic dates, and to honor our military and civilians who served and gave the ultimate sacrifice for our freedoms.

Deputy Commissioner Henry told of three important historical dates: April 6, 1917 – US Entrance into WWI, November 3, 1917 – Camp Zachary Taylor opens in Louisville and November 11, 1918 – Armistice Day. She discussed the statewide proclamations and WWI opinion editorials.

In an effort to add an interactive component to this commemoration, KDVA has developed the KY WWI Poppy Project. Poppies have been the symbol of remembrance dating back to WWI in 1915 when Lieutenant Colonel John McCrae was inspired by the sight of poppies growing in fields which led him to write the famous poem, “In Flanders Field.” The KY Poppy Project goals are to collect as many poppies as possible; to add the “Poppy Wall” at the 2017 KY State Fair; and to line the Capitol steps with thousands of poppies to close out the KY WWI Commemoration in 2019. The KY WWI displays at this year’s state fair will include an 80’ x 119’ exhibit in the South Wing Educational Area, Camp Zachary Taylor barracks by Home Depot, an interactive trench display, and a poppy wall. Fairgoers will make poppies to add to the wall in honor of our WWI heroes. All of these projects and exhibits have been made possible with donations and help from many agencies, corporations, and individuals. The KDVA and Deputy Commissioner French Henry have managed all of this on a budget of zero dollars.

#### **Other Business**

Chairman Moore announced that the Veterans, Military Affairs, and Public Protection Interim Joint Committee will meet in August at the new Radcliff Veteran’s Center and will be touring Fort Knox. Staff will notify members of the specific August date after it is approved.

There being no further business, the meeting was adjourned.

## **INTERIM JOINT COMMITTEE ON LICENSING, OCCUPATIONS, AND ADMINISTRATIVE REGULATIONS**

### **Minutes of the 1st Meeting of the 2017 Interim**

June 7, 2017

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

The 1st meeting of the Interim Joint Committee on Licensing, Occupations, and Administrative Regulations was held on Wednesday, June 7, 2017, at 10:30 AM, at the Northern Kentucky Convention Center. Representative Adam Koenig, Chair, called the meeting to order, and the secretary called the

roll.

Present were:

Members: Representative Adam Koenig, Co-Chair; Senators Joe Bowen, Jimmy Higdon, Paul Hornback, Ray S. Jones II, Christian McDaniel, Dan “Malano” Seum, and Damon Thayer; Representatives Al Gentry, Dennis Keene, Chad McCoy, Jerry T. Miller, Kimberly Poore Moser, David Osborne, Sal Santoro, Arnold Simpson, Diane St. Onge, Walker Thomas, and Susan Westrom.

Guests: Representative Jill York, Representative Phil Moffett, Secretary David Dickerson, Deputy Secretary Gail Russell, General Counsel Barry Dunn, and Communications Director Elizabeth Kuhn, Public Protection Cabinet; Bill Woodward, Ohio Iron Workers; Hunter Limbaugh, Southeastern Counsel, Wine Institute.

LRC Staff: Tom Hewlett, Jasmine Williams, Melissa McQueen, and Cindy Smith.

#### **Minutes**

The minutes of the December 15, 2016 meeting were approved without objection.

#### **North Carolina State Board of Dental Examiners v. Federal Trade Commission**

David Dickerson, Secretary, Cabinet for Public Protection said the need to reorganize the makeup of state boards and commissions, and the oversight structure for them is to ensure free markets and bolster competition; to promote Kentucky professionals and businesses; to achieve cost savings; and to improve compliance.

Barry Dunn, General Counsel, Cabinet for Public Protection discussed the North Carolina State Board of Dental Examiners v. Federal Trade Commission. He said the lawsuit resulted in a 2015 U.S. Supreme Court 6-3 decision. The North Carolina Dental Board sent cease-and-desist letters to non-dentists that were engaging in teeth whitening practices. The Board said this action constituted the practice of dentistry because there was a service that was being provided. The court found that boards comprised of market participants that include board members who hold active licenses in the field regulated by the board must be supervised by the state. Implications for state licensing boards include, if a board is not actively supervised by the state, the board could be held liable for potential anti-trust actions. Potentially, board members may be subject to personal liability. There were no personal damages in the North Carolina case. However, since this case there has been a rash of litigation that has been brought throughout the country. In many states there have been lawsuits against boards and board members.

Mr. Dunn discussed FTC guidance. He said the following do not constitute active state oversight according to the FTC: the entity

responsible for supervising the regulatory board is comprised of active market participants in the occupation the board regulates; a state official monitors the actions of the regulatory board but lacks the authority to disapprove anti-competitive acts; a state official monitors the actions of the regulatory board but lacks the authority to disapprove anticompetitive acts; a state official serves as an ex-officio member of the board but lacks the authority to disapprove competitive acts; and the state’s attorney general or another state official provides advice to the regulatory board on an ongoing basis, but has nothing more than advisory powers.

Gail Russell, Deputy Secretary, Cabinet for Public Protection discussed options other states have tried. One was about citizen advocacy centers, but the Cabinet did not like their solutions and do not feel they are palatable to the Cabinet. Other suggestions the cabinet considered but didn’t agree with include; public member majorities on boards, rather than having a majority of the board composed of professionals from the licensed industry, multi-party board membership, an umbrella board with broad policy oversight, an independent review board to oversee rules making, majority public review board for scope of practice actions, making boards advisory only, expanding the powers of sunrise/sunset review, and giving the attorney general additional oversight powers.

Mr. Dunn spoke about other states’ reaction to the case. Some states have proposed legislation and Executive Orders to deal with the issue and those are being studied. There have been conversations with those that do professional licensing in Illinois, Ohio, West Virginia, Virginia, Missouri, and other states. In Kentucky, the boards that make up this proposed reorganization license are roughly 300,000 people, with about 150 employees doing that licensing. In Indiana, approximately 500,000 people are licensed with 84 employees doing that licensing. Some other states have super boards.

Secretary Dickerson said the state licensing boards will maintain their individual identities. Similar boards will be grouped together under an authority which shall be headed by an executive director. The executive director will provide active state supervision to each group under the authority. Each board will continue to regulate and license its respective profession with oversight from the executive director and commissioner of the Department of Professional Licensing within PPC.

In response to a question by Senator Thayer, Secretary Dickerson said their plan is to do the reorganization by Executive Order within a few weeks. This will give them a six month window to do the vetting on things before the next legislative session. They are deferring to the



General Assembly, once it convenes, to codify the plan. They just want some time to make it work before the final decision comes from the General Assembly.

In response to a question by Senator Jones, Secretary Dickerson said this will be rolled out in multiple executive orders within the next 30 days.

In response to a question by Senator Jones, Secretary Dickerson said the potential does exist for the existing executive director to stay in his position. Each board will have its own executive director or will each have an administrative coordinator if the oversight umbrella dictates that.

In response to a question by Senator Jones, Secretary Dickerson said existing employees are non-merit employees, and are subject to at-will employment. The ultimate decision will come from the Secretary.

In response to a question by Senator Jones, Secretary Dickerson said there has to be an ultimate appointing authority somewhere. Presently the authority for PPC is the secretary. The secretary has the authority to designate that. In some cases there are already good manager at the boards.

#### **HB 444 (17RS BR 1532), AN ACT relating to welding safety.**

Representative Jill York, sponsor, said structural steel welding is a heating process which bonds metals. Accreditation of welders and inspectors is important. Construction contracts for projects involving steel erection often contain language that requires contractors to provide certification that all welders performing work on the project have been tested to meet AWS D1.1 standards. This standard defines the protocol that must be used for welder qualification and it uses nationally recognized AMS Codes which represent the bulk of welding performed in the industry. For projects owned by public entities contractors who perform welding on those projects must submit qualifications for any welder who will work on the project. Unfortunately, this criteria for certification and inspection is component written into job specifications and is not required by law. Some people break rules and endanger others, and this has been seen in Kentucky where some projects fail during the construction process. Problems include; falsified welding certification and testing, mail in welding test facilities, too few on-site inspections, structure collapse, and increased cost. Due to fake welding tests and facilities, a puppy was issued a certification paper from a fraudulent testing facility.

Bill Woodward, District Counsel President, United Iron Worker of Southern Ohio said there is great support in Ohio from all the faculties that have anything to do with welding, so it is going

very well in Ohio. Mr. Woodward also discussed fake welding tests and facilities, and showed the members examples of good and bad welding.

Next, Representative York shared what is at risk. She said the risk includes children and student safety, public safety, worker safety, confidence in Kentucky construction, confidence in oversight by state government, and taxpayer dollars. She said what needs to happen is legislation needs to be passed to enforce standards when they are included in jobs specs, and to change the enforcement of building codes to require contractors to use accredited testing facilities and accredited inspectors. The bill requires the use of accredited AWS testing facilities, provides oversight through third-party testing, and requires AWS qualified welders on structural steel construction.

In response to a question by Representative Miller, Representative York said the bill does not affect the problem of too few on-site inspections.

#### **HB 298 (17RS BR 1159), AN ACT relating to alcoholic beverages.**

Representative Phil Moffett discussed direct shipment of alcohol. He said in 1933 prohibition ended, and a 3 tier system was put in place to protect the public and promote economic growth. This prohibits one tier from owning an interest in another tier. In 1991 the internet opened for commercial use and then Amazon started in 1995. Internet eCommerce changes everything. You can buy from anywhere in the world and have it shipped to your house. The alcoholic beverage industry is booming, and changing quickly. The question is, should Kentucky capitalize on eCommerce? If yes, Kentucky needs to consider modifying the 3 tier model to allow a more robust expansion of Instant Direct Shipments of alcoholic beverages across the nation. There are currently 47 states allowing instant direct shipment of wine, 26 that allow instant direct ship of beer, and 17 that allow all spirits. The 3-tier system was put in for accountability. A big part of that was local accountability. The State ABC accountability is compliance checks and audits. Instant direct ship is not a new concept. It goes back to 1861. The internet is just a modern representation of the mail order catalog from the 1800s.

There is recent case law that has changed the 3-tier system. *Granholtz v. Heald* where the courts ruled in favor of the consumers saying that states have broad discretion to regulate production, transportation and sale of alcoholic beverages but the Commerce Clause suggests states can't be anti-competitive against out-of-state interests without Congressional approval. In another case, *Huber Winery v. Wilcher* from 2006, the court ruled with *Huber Winery* saying that the in-person sale requirement was anti-competitive. This was upheld on appeal.

The three-tier system does come with concerns and flaws. Currently small farm wineries can ship using UPS or FedEx directly to the consumer who orders product online or over the phone. The winery collects and remits all applicable 3-tiers of taxation. This is an exception to the usual concept of a three-tier system.

If direct shipping was extended to other producers, licensees should be required to submit periodic reporting to ABC, and fees should cover the costs of ABC's increased monitoring needs, to include GIS system access, license administration, and enforcement.

Hunter Limbaugh, Southeast Counsel, Wine Institute said the Wine Institute is in favor of direct shipment of wines, and there are currently 44 states that allow instant direct shipping of wines. Kentucky does not allow it to be direct shipped from out of state. He would like to see Kentucky pass model legislation to direct ship. Because of the consolidation in the wholesale tier, there are fewer wholesalers through which they can sell their products.

In response to a question by Representative Koenig, Mr. Limbaugh said there are over 8,000 licensed producers of wine in the nation, and he would imagine there are over 50,000 different wine labels.

Representative Osborne noted that attitudes have changed over direct shipment of wine and availability is continuing to increase and he thinks there will be additional support on the issue.

Representative St. Onge said this is an issue whose time has come and there needs to be fair treatment of all industries across the board.

With no further business, the meeting was adjourned at 11:50 a.m.

## **INTERIM JOINT COMMITTEE ON ECONOMIC DEVELOPMENT AND WORKFORCE INVESTMENT**

### **Minutes of the 1st Meeting of the 2017 Interim**

June 15, 2017

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

The 1st meeting of the Interim Joint Committee on Economic Development and Workforce Investment was held on Thursday, June 15, 2017, at 10:00 AM, 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 Jim DeCesare, Co-Chair; Senators Perry B. Clark, Rick Girdler, Denise Harper Angel, Ernie Harris, Jimmy Higdon, Stephen Meredith, Wil Schroder, Reginald Thomas, Mike Wilson, and Max Wise; Representatives Lynn Bechler, McKenzie Cantrell, Daniel Elliott, Al Gentry, Toby Herald,

Dennis Horlander, Joni L. Jenkins, James Kay, Kim King, Russ A. Meyer, Jason Nemes, Jason Petrie, Steve Riley, Rob Rothenburger, Wilson Stone, Russell Webber, and Addia Wuchner.

Guests: Lynn Allen, CEO, Bluegrass International Fund; Brad Cowgill, Board Member, Bluegrass International Fund; John Bevington, Deputy Commission for Business Development, Cabinet for Economic Development; and Caroline Boeh Baesler, Executive Director/General Counsel, Office of Legal Services, Cabinet for Economic Development.

LRC Staff: Carla Montgomery, Andrew Manno, and Sasche Allen.

#### **Bluegrass International Fund**

Lynn Allen, CEO, and Brad Cowgill, Board Member, of the Bluegrass International Fund (BIF), spoke about their company, which uses global investors to fund developmental projects which in turn create local jobs. Mr. Cowgill, a founding member of the Bluegrass International Fund, stated that the committee should become more familiar with the successful federal program called EB-5 that the BIF utilizes to allocate individual wealth from foreign countries to large development projects within the United States. Since 2008 the EB-5 Program has allowed for approximately \$19.8 billion of individual investments into projects across the country, which have been mostly through public/private partnership projects. He said that foreign investors are eager to invest and participate in the EB-5 program within Kentucky, but the state has not previously had a licensed regional center to act as liaison between the individual candidates for investor visa status and worthy construction projects in the state. The Bluegrass International Fund was created specifically for this purpose.

Ms. Allen explained the Employment Based Visa Program, or EB-5, was created by Congress in 1990 but it was not until most recent recession around 2008 that the program began to grow, especially in states on the east and west coasts. However, states such as Texas, Florida, Michigan and Arkansas have begun to establish licensed regional centers to take advantage of the EB-5 program. She highlighted the fact that Kentucky does not have large banking centers, foundations or private equity and mezzanine funds. Therefore, BIF believes the EB-5 program will bring much needed low-cost capital to statewide projects, creating jobs in rural and distressed urban areas.

A foreign investor has the option to invest \$500,000 or \$1 million, but the \$500,000 must be in a targeted employment area. A targeted employment area is a location that reflects an unemployment rate of 150 percent of the national average. Another type of targeted employment area is a rural targeted employment area, which is a location outside of a major town with a

population of 20,000 or more. Each investment must create 10 or more jobs. According to Ms. Allen, the EB-5 program offers a lower cost of funds with an interest term of five to six years, which enables the project to stabilize and produce returns. In exchange for their investment, the foreign investors, who are evaluated under the Department of Homeland Security, may receive visas for themselves, their spouses and children under the age of 21 after it has been proven that the project has produced the required 10 or more jobs. Despite the investment, the investor does not hold ownership on any completed project. The total project cost is comprised of the 30 percent EB-5 loan, the 20 percent sponsor equity and the 50 percent senior loan. The money is received by BIF from the investor and then loaned to the developers of the project.

There have been numerous projects across the country that have used the EB-5 program because the program can lend against alternative revenue streams, replace taxable bonds, and replace higher cost equity or mezzanine. The program works well with federal, state and local sources. Entities that have used this program include the University Of Pennsylvania School Of Medicine, the University of Maryland, the University of Miami and several charter schools. After considering these and other successful projects, one of BIF's goals is to work with investors that want to transform Kentucky's state parks into productive tourist destinations. The company also has ideas to use the EB-5 program to improve the former State Fairgrounds and Exposition Center in Louisville. BIF's mission is to create large scale and sustainable economic growth with total project costs of at least \$30 million and a loan minimum of \$10 million. Ms. Allen closed by mentioning several partnering economic development organizations throughout Kentucky that help BIF identify potential projects throughout the state.

Answering a question from Representative Kim King, Ms. Allen said that BIF would be able to assist with the development of new state parks and improvements of existing state parks. Responding to a follow up question also regarding state parks, she said potential partnerships could be with a public entity or private developer.

Responding to Senator Wil Schroder, Ms. Allen said that BIF uses census tracts to determine unemployment rates of targeted employment areas. Mr. Cowgill added that the EB-5 program can be used anywhere in the state, but the federal regulations have certain stipulations that distinguish a targeted employment area from a non-target employment area. He said Kentucky is ideal for this program due to the amount of areas that would qualify as

a targeted employment area.

Replying to Representative Jason Petrie, Ms. Allen said that recently there has been negative attention drawn towards the EB-5 program because the United States Citizenship and Immigration Services, who is responsible for screening investors, set a relatively low bar for participants of the program. This led to gerrymandering of the targeted employment area definition and the program as a whole. However, Ms. Allen explained that BIF has been working with Senator McConnell, Senator Paul, Senator Cornyn and Senator Grassley to help pass sweeping reform in September 2017. As a result, this reform would make Kentucky even more attractive to investors because the targeted employment area definition would no longer be able to be gerrymandered. Mr. Cowgill added that the eligibility criteria for a project were permitted by the original legislation to be set by the states and not by the federal government, but with reform there will be stricter controls on the federal level for defining a targeted employment area.

Answering a question from Representative McKenzie Cantrell, Ms. Allen described the type of investors that apply for employment based visas. She said they are mostly entrepreneurs in their native countries that want to escape political or religious oppression, or may have the desire for their children to attend American schools and universities. They make investments with the ultimate incentive of receiving a green card. She further explained that the investors give BIF a minimum of \$500,000, which is placed in an escrow account for up to 18 months while the United States Citizenship and Immigration Services screens investors. Once the investor is approved, the investment is released to the developer. Investors come from places such as China, Egypt and Brazil.

Senator Stephen Meredith commented that he was unsure of the potential of the EB-5 program due to things like high project costs and gerrymandering of unemployment rates, which would not work to the advantage of rural areas of Kentucky. He said more concentration should be given to workforce participation rates by county in the state, as the unemployment rate can be misleading. Mr. Cowgill responded by stating that although the program would not be fitting of all projects in Kentucky, it could have a positive effect on economic growth for the state as a whole. Because there is a limited number of employment based visas issued, Kentucky would be able compete with projects across America for investments among the limited number of individuals that qualify to invest funds under the EB-5 program. Ms. Allen reiterated that BIF expects for reforming legislation to be passed in September 2017 to eliminate gerrymandering.



She also noted that the Kentucky Community and Technical College System facilities in rural areas can benefit from the program.

Replying to Representative Addia Wuchner's question regarding potential funding for a workforce training, Ms. Allen said that as of right now the EB-5 program just finances the construction of facilities, but the most attractive investments in the market for investors are generally education related projects such as community colleges and charter schools. Mr. Cowgill said that BIF is involved with projects that are both public and private in nature, and whether it be a university project or local or state project, those entities are permitted to create their own restrictions. The federal program does not have workforce education requirements.

Responding to Co-Chair Alice Forgry Kerr, Ms. Allen suggested contacting BIF if there is a project in the committee members' districts that may be in need of help with financing.

### **Cabinet for Economic Development Update and Goals**

John Bevington, Deputy Commission for Business Development, and Caroline Boeh Baesler, Executive Director and General Counsel, for the Office of Legal Services, gave a presentation highlighting some of the recent accomplishments and progress of the Cabinet for Economic Development. Ms. Baesler said that Governor Matt Bevin's goal is to transform Kentucky into the hub of engineering and manufacturing in the U.S. Governor Bevin and the Cabinet Secretary Terry Gill have made numerous international trips to look at new opportunities and solidify existing relationships with foreign companies that have located to Kentucky as well as prospective companies. Since January 2017 trips have been made to Japan, Germany and Switzerland. There have been talks with Chinese, Japanese and Taiwanese delegations. Ms. Baesler also acknowledged the business friendly legislation that was passed in the 2017 Session that will allow the Cabinet to achieve the Governor's vision and draw international attention and interest in the state.

Mr. Bevington discussed the Cabinet's goals that were laid out at the beginning of the year. The first goal is to surpass the highest level of announced capital investment, \$5.1 billion, in the state's history and announce more than 17,000 new jobs. Secondly, the Cabinet would like to move the Commonwealth into the top quartile of business-friendly state rankings. The third goal is to establish a more integrated workforce delivery system within the Cabinet, including talent attraction and retention. Lastly, the Cabinet is working towards building out the state's entrepreneurial community.

The Cabinet's first goal has already been

met by reaching \$5.8 billion in investments and announcing 17,000 new jobs. Expectations still have to be set however by continuing to develop an aggressive and targeted marketing campaign, branding Kentucky as an engineering and manufacturing hub. Toyota has announced a \$1.3 billion investment to improve its Georgetown location and has solidified 7800 jobs. Amazon announced a \$1.5 billion investment to locate its first global air hub in Northern Kentucky and an addition of 2700 jobs. Braidy Industries has made a \$1.3 billion investment and will add 550 jobs. The Cabinet also wants to increase foreign direct investment by 20 percent annually over the next 3 years. Kentucky's total foreign direct investment includes nearly 500 companies from 34 nations employing more than 100,000 people. Mr. Bevington also noted formalizing and enhancing an ongoing existing industry outreach process.

Reaching the second goal the Cabinet has set will include convening CEO business forums, aligning staffing with current demands, and enhancing the use of technology for internal and external clients. In doing so, the Cabinet has held its first business roundtable with executives from varying industries. It is currently rebuilding staff in critical areas such as project management, research, financial incentives, graphic design and legal. Ms. Allen explained that attaining this goal will involve Governor Bevin's Red Tape Reduction Initiative, which helps in creating a more business friendly environment by reviewing and eliminating certain administrative regulations.

Mr. Bevington expressed that the Cabinet's third goal may be the most difficult due to the challenges of developing, attracting and retaining a skilled workforce. Efforts include developing comprehensive resource delivery plans based on state and regional markets, expanding registered apprenticeships into the KY FAME chapters, and creating workforce services team to provide and coordinate workforce resources for business and industry clients. He further explained that the Cabinet has a strong objective of growing the KY FAME program, started in 2015, into programs in logistics, healthcare and other regional demands. The program currently has a graduation rate of 89.2 percent and recently saw 232 students graduate with no student debt. The Education and Workforce Development Cabinet will assist the Cabinet on this aspect. Another component of this goal will consist of connecting transitioning military personnel, veterans and spouses to career opportunities.

The final goal of building the state's entrepreneurial community is a continuing focus that the Cabinet previously set for itself. The Cabinet will be reviewing all its programs

and resources that focus on small businesses and entrepreneurship. Programs will be streamlined and reduced in areas where there may be overlapping to increase efficiency. Current small business programs will be assessed to maximize the state's return on investment. Local programs will also be reviewed to ensure talent is being retained and new skill sets among Kentucky workers are being cultivated.

Representative Kim King inquired about a photo in the Cabinet's presentation that showed the Mercer Chamber of Commerce Director.

Representative Dennis Horlander mentioned the Skills Team USA robotics program and suggested the Cabinet work with the program. Mr. Bevington followed up by highlighting the Cabinet's partnership with the Innovation Network.

Representative Jason Nemes expressed his concerns regarding the potential threat to Braidy Industries due to developing lawsuits challenging Kentucky's recent passage of right to work legislation. Mr. Bevington stated that Craig Bouchard, Chief Executive Officer and Chairman of the Board of Directors for Braidy Industries, does recognize the potential risks created by the lawsuit but will continue to move forward with the project while assessing the situation. He also noted that Braidy Industries would not have announced its project in Greenup County if right to work legislation would not have been passed.

Replying to Representative Addia Wuchner, Mr. Bevington said that most participants of the KY FAME program, about two thirds, enter out of high school, but there are some participants that are older workers trying to improve skills.

Responding to Senator Jimmy Higdon, Ms. Allen said that although Secretary Gill and Governor Bevin have had their first roundtable meeting with industry executives, they are planning to have more roundtables with large industry employers from across the state. They are leaving meeting agendas and topics to industry executives.

After Representative Al Gentry inquired about workforce opportunities for individuals with disabilities, Mr. Bevington stated that the Cabinet will be working with employers to determine employee demands. He recommended Representative Gentry contact Josh Benton, the Executive Director of Workforce Development, for more specific programs that may focus on individuals with disabilities. Ms. Allen mentioned the Governor's recently announced task force will be reviewing areas such as the workforce delivery system and increasing workforce participation.

Answering a question from Representative Lynn Bechler, Mr. Bevington



said that the Cabinet's overseas offices play a dual role of being a direct liaison to companies that may be considering project development in Kentucky and also being a marketing tool for the state. In response to another question from Representative Bechler, Mr. Bevington said that the Veterans and Military Training Center in Hopkinsville is still being developed by Kentucky in partnership with Tennessee.

Senator Mike Wilson voiced the need to change the world's image of Kentucky and the need to attract workers to the state. He also gave an overview of the positive workforce training initiatives in his district and discussed the SCK Launch Initiative.

Responding to Senator Wil Schroder, Mr. Bevington said that although autonomous vehicles are not a currently a concern of the Cabinet, it may be an opportunity to take advantage of job retraining of current truck drivers.

Replying to Co-Chair Jim DeCesare, Mr. Bevington agreed that the Cabinet is continuing to work with local chambers and economic development organizations. Co-Chair DeCesare also discussed future plans of the committee concerning economic development legislation and programs.

Ms. Baesler, at the request of the co-chairs, said Braidy Industries would begin construction the first quarter of 2018 and hiring in the third or fourth quarter of 2017. She also announced that she would be leaving the Cabinet of Economic Development at the end of June 2017.

With no further business to come before the committee, the meeting adjourned at 11:50 A.M.

## **INTERIM JOINT COMMITTEE ON HEALTH AND WELFARE AND FAMILY SERVICES**

### **Minutes of the First Meeting of the 2017 Interim**

June 21, 2017

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

The first meeting of the Interim Joint Committee on Health and Welfare and Family Services was held on Wednesday, June 21, 2017, at 10:00 a.m., in Room 129 of the Capitol Annex. Senator Julie Raque Adams, Co-Chair, called the meeting to order at 10:05 a.m., and the secretary called the roll.

Present were:

Members: Senator Julie Raque Adams, Co-Chair; Representative Addia Wuchner, Co-Chair; Senators Ralph Alvarado, Tom Buford, Danny Carroll, Julian M. Carroll, Denise Harper Angel, Alice Forgy Kerr, Stephen Meredith, Reginald Thomas, and Max Wise; Representatives Danny Bentley, George Brown Jr, Jim Gooch Jr., Joni

L. Jenkins, Mary Lou Marzian, Chad McCoy, Russ A. Meyer, Kimberly Poore Moser, Melinda Gibbons Prunty, Steve Riley, and Russell Webber.

Guest Legislators: Senator Morgan McGarvey and Representative Al Gentry.

Guests: Bradley Stevenson, Executive Director, Shannon Smith, Government Relations, Child Care Council of Kentucky, Inc.; Deck Decker, Executive Director, Office of Administrative and Technology Services, Cabinet for Health and Family Services; Joe Hamilton, Deputy Commissioner, Department for Community Based Services, Cabinet for Health and Family Services; Christa Bell, Director, Division of Childcare, Department for Community Based Services, Cabinet for Health and Family Services; Kathryn M. Callahan, Kentucky State Director, The Humane Society of the United States; Cynthia Gaskill, DVM, PhD, DABVT, University of Kentucky Veterinary Diagnostic Laboratory; Cindy Murray, Executive Director, Office for Policy and Budget, Cabinet for Health and Family Services; Alan Sisk, Executive Director, Office for Human Resources Management, Cabinet for Health and Family Services; Elizabeth Caywood, Executive Advisor, Department for Community Based Services, Cabinet for Health and Family Services; Eric Clark, Executive Advisor and Legislative Director, Cabinet for Health and Family Services; David Lovely, Attorney, Cabinet for Health and Family Services; Laura Begin, Office for Policy and Budget, Cabinet for Health and Family Services; Connie White, Senior Deputy Commissioner, Margaret Jones, Laura Harrod, Hollie Sands, and Janet Luttrell, Department for Public Health, Cabinet for Health and Family Services; Michelle Malicoti, Madison County School District; Mike Biagi, The Rotunda Group; Patty Swiney, Past President, Kentucky Academy of Family Physicians; Nathan Goldman, Kentucky Board of Nursing; Arica Brandfom; Michelle Anderson and Pam Cobban, Department for Community Based Services, Cabinet for Health and Family Services; Carol Komara, Kathy Hager, Lois Davis, Kentucky Nurses Association; Tracy Kielman, Kentucky Immunization Coalition; Chandra Venettozzi and D.J. Wasson, Office of Health Benefit Exchange, Cabinet for Health and Family Services; and Erika Calihan.

LRC Staff: DeeAnn Wenk, Ben Payne, Jonathan Scott, Sarah Kidder, Heather Scott, Gina Rigsby, and Becky Lancaster.

#### **Legislative Hearing on Executive Order 2017-269, relating to Establishment and Operation of the Kentucky Office of Health Benefit Exchange**

A motion to accept Executive Order 2017-269 was made by Senator Julian Carroll, seconded by Representative McCoy, and approved by voice vote. Cindy Murray, Executive Director,

Office for Policy and Budget, and Alan Sisk, Executive Director, Office for Human Resources Management, Cabinet for Health and Family Services, were present for questions.

#### **Legislative Hearing on the Community Services Block Grant**

A motion to accept the Community Services Block Grant was made by Senator Alvarado, seconded by Representative Wuchner, and approved by voice vote. Elizabeth Caywood, Executive Advisor, Department for Community Based Services, Cabinet for Health and Family Services, was present to answer questions.

#### **Legislative Hearing on the Social Services Block Grant**

A motion to accept the Social Services Block Grant was made by Senator Alvarado, seconded by Representative Wuchner, and approved by voice vote. Elizabeth Caywood, Executive Advisor, Department for Community Based Services, Cabinet for Health and Family Services, was present to answer questions.

#### **Consideration of Referred Administrative Regulations**

The following administrative regulations were available for consideration: **201 KAR 20:056** – establishes the requirements for licensure, renewal, and reinstatement, education, and recognition of a national certifying organization for advanced practice registered nurses; **201 KAR 20:057** – establishes the scope and standards of practice for an advanced practice registered nurse; **900 KAR 10:041** – repeals 900 KAR 10:040 and 900 KAR 10:050 as these administrative regulations were rendered obsolete with the promulgation of 900 KAR 10:200, Kentucky State Based Exchange on the federal Platform; and **902 KAR 21:030** - establishes the Pediatric Cancer and Treatment Grant Program. A motion to approve **201 KAR 20:056**, **201 KAR 20:057**, **900 KAR 10:041**, and **902 KAR 21:030** was made by Senator Alvarado, seconded by Representative Wuchner, and approved by voice vote.

#### **Child Care Assistance Program**

Bradley Stevenson, Executive Director, Child Care Council of Kentucky, stated that in 1997, the Child Care Assistance Program (CCAP) was privatized. From 1997 to 2009, the Child Care Council (CCC), 4C Louisville, Northern Kentucky ADD, Eastern Kentucky Child Care Coalition, and Audubon Area Community Services contracted to manage CCAP. In 2009 the cabinet released the Request for Proposal for the CCAP and awarded the contract to the Child Care Council. From 2009 to 2012, the CCC awarded contracts to Bluegrass, Eastern Kentucky, and Northern Kentucky regions through a model of centralizing and streamlining services. KIPDA and Audubon were added

after 2012. All administrative services were centralized in Lexington, Louisville, and Elizabethtown. Centralized services include a call center, provider payments, fraud detection and prevention, registered provider processing, quality control of eligibility determination, and Web access for services. Since 2009, the CCC has submitted over 13,000 claims and submitted approximately \$24 million for payment. In 2009, the contract for CCAP was \$8,404,393 and \$7,167,900 for 2017. The CCC has saved the Commonwealth a total of \$7,294,467 over the past eight years. Of the \$7,294,467 saved, \$6,213,324 was saved since the full statewide centralization was implemented in 2013. The CCC currently employs 123 CCAP staff. Approximately 62% of the CCAP staff hold an Associates, Bachelors, or Master's degree. On October 1, 2017, CCAP will be rolled into Benefind. The CCC's contract with the Commonwealth will end on December 31, 2017.

Christa Bell, Director, Division of Childcare, Department for Community Based Services, Cabinet for Health and Family Services, stated that benefits of including CCAP in Benefind include increased access for families to move them toward self-sufficiency, more efficient customer service, fraud reduction, cost savings, improved error rates, reduced administrative burden, compliance with federal requirements, and better quality data. Families will have access to an eligibility worker in every county during business hours, which is currently not provided.

Approximately 93 percent of CCAP consumers are receiving at least one other type of assistance through Benefind. Consumers of Medicaid, KTAP, SNAP, and CCAP will have a single point of access to apply for benefits, recertify, or report changes. The cabinet would save \$7.1 million by eliminating the CCC's contract and have eligibility determinations made by current Family Support staff. Fifteen additional staff will be required to answer provider calls, process payments, and provider claims with a cost of \$1 million annually. Two staff will be added to an existing contract with the Division of Regulated Child Care for visits to registered providers at a cost of \$200,000 annually.

The CCC error rate has remained under the required threshold in contract deliverables, however, it is consistently over ten percent. By using shared data for all assistance programs, the CCAP error rate is expected to fall below six percent. Elimination of administrative oversight for a large contract including vendor payments, case reviews, and contract monitoring would reduce administrative burden. Processes will be streamlined and incorporated into existing structures, rather than having two separate structures performing the same functions

separately.

The Child Care Development Block Grant Reauthorization Act of 2014 requires that applicants for child care subsidy be informed of other types of assistance for which they may be eligible. This requirement cannot be met under the current CCC contract since its staff are not able to make eligibility determinations for other assistance programs. Transition to Benefind will bring Kentucky into compliance with this requirement. Benefind will provide an enhanced data dashboard for consumers, allowing families to view detailed information about providers, compare options, and make an informed choice for quality care. Benefind will allow for extraction and comparison of data across multiple assistance programs.

In response to questions by Senator Danny Carroll, Ms. Bell stated that the cost of the contract versus staffing costs going forward should be approximately \$3 million. There are approximately 2,100 licensed, certified, and registered providers statewide. There has been a decline of providers over the past five years. From 2012 to 2017, licensed providers has declined by approximately 300 providers. The cabinet is focused on recruitment efforts in areas statewide where there is not an adequate pool of providers to meet the needs of the community and has been in discussions with partnering agencies to try and increase providers to ensure needs are met statewide. An analysis is being conducted to see if the cost of moving from an attendance based payment to an enrollment based payment would help providers raise more money and bring Kentucky more into compliance with the national trend and federal standards.

Senator Alvarado stated that the CCAP savings will be great. There is a need to increase pay to providers.

Representative Wuchner stated that there is a need for more quality providers. The rate for child care providers has remained flat to date.

In response to questions by Senator Adams, Ms. Bell stated that the eligibility determination will be absorbed by current staff in the family support offices who already make determinations for other types of public assistance programs. Nine-three percent of CCAP recipients already have a case in Benefind because they are receiving some other type of public assistance. Fifteen additional positions will be filled in Frankfort to handle provider payments and claims not currently handled by family support staff. In anticipation of CCAP being transitioned to Benefind in 2016, eight of the fifteen positions have already been hired. Office hours are from 8:00 a.m. to 4:30 p.m. Monday through Friday for in all DCBS offices if someone has questions about Benefind or other public assistance programs.

In response to questions by Representative Jenkins, Joe Hamilton, Deputy Commissioner, Department for Community Based Services, Cabinet for Health and Family Services, stated that the cabinet has not applied for the federal Department for Health and Human Services' Guardianship Assistance Program. Ms. Bell stated that from 2013 to 2106, families providing kinship care had access to child care assistance only during the time a protection and permanency case remained open. In 2016, with reauthorization requirements the administrative regulation changed to 12 months for eligibility. Families can renew the eligibility for however long a family needs child care assistance regardless whether the protection and permanency case remains open. Ms. Caywood stated that the Guardianship Assistance Program under Title III of the Social Security Act is being studied to see if it could enhance the array of services offered to eligible caregivers. The state would be responsible for a portion of all costs involved with the program.

In response to questions by Senator Wise, Ms. Bell stated that efficiency of services and cost savings are reasons to transition CCAP into Benefind. CCAP workers only determine eligibility for CCAP services, and new federal laws require an agency to be able to determine eligibility for all public assistance programs. There are no options for a federal waiver, because the new federal requirements went into effect in the fall of 2016.

In response to questions by Senator Julian Carroll, Deck Decker, Executive Director, Office of Administrative and Technology Services, Cabinet for Health and Family Services, stated that the decision to transition CCAP to Benefind was made by the Beshear administration and he was not sure who that administration met with before making this decision. The old system is out of compliance and there is no money to bring it into compliance. Kentucky has already received funds for Benefind, and if the child care enhancement is not transitioned to Benefind, Kentucky would have to reimburse the federal government for those funds. Mr. Stevenson stated that in 2014 discussions started to transition child care services into Benefind on December 28, 2015. The cabinet delayed the decision for two years to allow more discussions from providers on improvements to make it a smooth transition. Ms. Bell stated that 15 regional provider forums will be conducted statewide later during the summer.

In response to a question by Representative Moser, Ms. Bell stated that most states are facing the same challenges as Kentucky. It is a challenge to retain quality staff, because child care jobs are low paying jobs. Child care is not a lucrative business, and providers struggle to make ends



meet. Providers are supported by CCAP funds but also by private pay funds. Families need to be able to afford child care. The cabinet is looking for ways to help providers with start-up costs.

In response to questions by Senator Danny Carroll, Mr. Decker stated that extensive training for employees has been done before child care services are transitioned to Benefind. Deloitte brought in resources and has fixed problems with Benefind. There are approximately 4,000 cases open consistently. DCBS staff answers calls about Benefind within six to ten minutes. Ms. Bell stated that she did not have the data on how many child care centers require families to pay the difference between the CCAP rate and daily rate for private pay customer, but it is allowable in Kentucky.

**Animal Shelter Legislation (2017 HCR 43 – Rep. Jenkins and 2017 SCR 58 – Sen. Buford)**

Kathryn M. Callahan, Kentucky State Director, The Humane Society of the United States, stated that KRS 258.195 requires the governing body of each county to employ, appoint, or contract with an animal control officer, and to establish and maintain an animal shelter. KRS 258.119 creates an Animal Control and Care Fund to be used by the Animal Control Advisory Board and establishes minimum standards in county-operated or county-contracted animal shelters. If House Concurrent Resolution 43 and Senate Concurrent Resolution 58 introduced in the 2017 Regular Session had been enacted a Shelter Oversight and Pet Overpopulation Task Force would have been established. The Task Force would have reported findings and recommendations to the Legislative Research Commission by December 1, 2017. A task force would allow stakeholders and experts an opportunity to discuss concerns and find meaningful solutions to dramatically improve conditions for unwanted animals, reduce pet overpopulation, and increase the efficiency of government services. When the recommendations come from within the group tasked with finding solutions, community members would be significantly more likely to accept the new standards and feel empowered to make positive changes.

Current state law does not authorize any entity to oversee and correct the failure of certain Kentucky county shelters to meet the statutory minimum standards and provisions for education and assistance appear to be warranted based on lack of adequate animal care. Major problems include shelter overcrowding due to pet overpopulation and lack of low cost spay/neuter programs, inadequate facility size to house all of the animals needing shelter, lack of funding to adequately staff the shelters or provide for basic animal care, poor ventilation, lack of veterinary care for animals with medical issues, unclean

conditions, and inadequate training of shelter personnel. Kentucky law does not currently require animal control officers to train for such positions and the lack of training contributes to poor quality of animal care and enforcement.

Cynthia Gaskill, DVM, PhD, DABVT, University of Kentucky Veterinary Diagnostic Laboratory, stated that a 2016 study of current conditions of Kentucky county animal shelters and degree of compliance with Kentucky animal shelter laws concluded that Kentucky's county animal shelter conditions have not been studied for over 20 years. The major goals of the 2016 study were to assess current conditions in Kentucky's county shelters and determine the degree of compliance with Kentucky shelter laws and to determine the major problems and needs identified by shelter personnel and researchers. Data was used to determine if additional state funds or refinements and additions to current laws are warranted to ensure humane care of animals in Kentucky's county shelters. Researchers consisted of six veterinary students who traveled to all Kentucky county animal shelters. Ninety-two county shelters were identified that service Kentucky's 120 counties. Several regional shelters service multiple counties. Results showed that only 12 percent of counties were in compliance with all parts of Kentucky's animal shelter laws, while over 50 percent of counties were in violation of 3 or more parts of the law.

Major problems identified by shelter personnel were lack of sufficient funding, pet overpopulation leading to crowding of shelters, insufficient workforce at the shelters, and lack of education for both shelter personnel and the public. Researchers also identified problems in including inadequate, aging, and poorly maintained facilities built with inappropriate materials that could not be properly cleaned or disinfected, poor ventilation, lack of appropriate veterinary care, and lack of appropriate quarantine areas.

The majority of Kentucky's animal shelters are not in compliance with current animal shelter laws, and a major factor contributing to poor compliance was lack of sufficient funding for animal shelter programs. Current laws do not appear to be fully satisfactory at accomplishing the goal of providing good shelter animal care across Kentucky and need to be updated. A complete copy of the report can be found at [http://uknowledge.uky.edu/gluck\\_reports/1/](http://uknowledge.uky.edu/gluck_reports/1/).

In response to a question by Senator Buford, Ms. Callahan stated that she attends as many of the meetings of the Animal Control Advisory Board as possible.

**End of Life Care (2017 SB 243)**

Senator Morgan McGarvey stated that 2017 Senate Bill 243 would have amended KRS

218A.010 to define medically necessary marijuana and amend the definition of marijuana to allow physicians to recommend, transfer, dispense, or administer certain types of cannabidiol or CBD and establish the Implementation Task Force on the Palliative and Hospice Use of Medical Marijuana that would present legislation to the 2018 General Assembly and establish issues to be discussed. The legislation was not an attempt to provide marijuana to individuals without legitimate medical problems but to take a limited approach to help individuals with medical needs. There are individuals with medical needs who will not seek relief of medical problems by using marijuana because it is currently not allowed by law in Kentucky. Kentucky should take a limited approach to allow medically necessary marijuana in limited circumstances and appoint a task force to give recommendations on how it should be implemented.

In response to a question by Senator Thomas, Senator McGarvey stated that initially only medical doctors, doctors of osteopathic medicine, and ARNPs would be able to prescribe marijuana for patients with a medical need.

In response to a question by Senator Wise, Senator McGarvey stated that the number one opposition to legalizing medical marijuana is a moral objection, but support is getting stronger because it touches so many people in a personal way. Colorado, California, Oregon, Washington, Massachusetts, Alaska, and Mississippi are among states that have legalized medicinal and recreational use of marijuana.

In response to a question by Senator Buford, Senator McGarvey stated that Kentucky could try and get a license through the federal government to have state owned hospitals handle the distribution of medical marijuana similar to Mississippi, but he does not want to wait for federal government approval. There are hurdles to overcome such as banking regulations, but the federal government is not prosecuting states who have legalized marijuana, so there are ways around the hurdles.

In response to a question by Representative Jenkins, Senator McGarvey stated that 2017 Senate Bill 21, AN ACT relating to use of experimental treatments for terminal illnesses, is similar to 2017 Senate Bill 243. Kentucky already prescribes medicine without FDA approval, so why not medical marijuana.

In response to questions by Representative Wuchner, Senator McGarvey stated that he has looked at Ohio's model. He has not had discussions with the state medical universities.

In response to questions by Representative Bentley, Senator McGarvey stated that Kentucky can create standards about who is allowed to grow marijuana, how it is grown, where it is dispensed, and how it is packaged. In the 1970s,



the University of Kentucky conducted research on marijuana. Marijuana has been classified as a Schedule I drug by the federal Drug Enforcement Agency, and therefore, Kentucky has to comply with federal regulations.

Representative Moser stated that it is important to recognize that a great deal of research has been done. Pulling all the research together to understand what Kentucky is looking at scientifically is imperative. It is important that Kentucky understands what other states have done and learn from mistakes that have been made. Law enforcement has a big issue with the medical use of marijuana and an individual slipping into recreational use. Legalization of marijuana has not been standardized and regulated. Best evidence-based standards need to be created. The federal government is the biggest barrier to allow true research. Senator McGarvey stated that he has met with representatives from Hospice, the Kentucky Medical Association, and the Kentucky Hospital Association and had discussions about legalizing medical marijuana.

#### **Consideration of Administrative Regulation 902 KAR 2:060**

Laura Begin, Regulation Coordinator, Office for Policy and Budget, Cabinet for Health and Family Services, stated that the current version of the administrative regulation became effective in 2011. It requires a medical provider's approval of a parent or guardian's religious exemption. It effects less than two percent of children in Kentucky schools. The cabinet received complaints about having a medical entity having authority over religious exemption, requiring a health care provider's approval and cost of a co-pay to get the form signed, and finding a provider willing to sign the religious exemption. Representatives of the Kentucky Immunization Program, Infectious Disease Branch, Division of Epidemiology and Health Planning, and Division of Maternal Health, Department for Public Health, Cabinet for Health and Family Services, the Kentucky Department of Education (KDE), and school nurses got together and worked for almost three years to come up with the amendment filed to the administrative regulation filed in January 2017. There were 141 comments received during the public comment period with half supporting one or more aspects of the administrative regulation and half opposing one or more aspects. Changes were made to the religious exemption process in the amended after comments process of the administrative regulation to clarify that the form could be obtained online and available at the Kentucky Department of Education and Cabinet for Health and Family Services' web sites. The form needs to be completed in the presence of a notary consistent with the authorizing statute of a written sworn statement and submitted to

the school upon enrollment. The new form lists all the required immunizations. Comments were received from physicians saying the immunization registry requirement was too burdensome, so the administrative regulation was changed that it would not be required until more physicians use the registry. Complaints were received from KDE about compliance this school year, so changes were made that immunizations added will be in effect for the 2018 school year. The religious exemption form was amended at the Administrative Regulations Review Subcommittee to remove references to "my child" because of fear of liability. The amendment offered at the Interim Joint Committee on Health and Welfare and Family Services would eliminate the language from the form that says I acknowledge that there are increased risks associated if exposed to this disease and to change the word vaccine to immunization.

Patty Swiney, Past President of the Kentucky Academy of Family Physicians, stated that the best way to prevent a disease is by immunizations that help stimulate a person's own antibodies. Immunizations also prevent someone from contracting highly contagious diseases such as measles, mumps, rubella, meningitis, and small pox. A parent's individual right to not get a child immunized based on religious beliefs stops when it will affect the welfare of the public.

Erika Calihan stated it is not about vaccines but about religious liberties afforded to parents by state law. The amended form still exceeds state law that requires a signed sworn statement to for religious exemption of vaccines, but is better than before the changes.

Representative Wuchner stated that the form, while not perfect, is an improvement. Parents who choose not to get their child immunized can be notified by school personnel if there is an outbreak of a communicable disease in the school.

A motion to amend **902 KAR 2:060** – establishes the mandatory immunization schedule for attendance at child day care centers, certified family child care homes, other licensed facilities which care for children, preschool programs, and public and private primary and secondary schools (Amended After Comments), was made by Representative Wuchner, seconded by Senator Buford, and amended by voice vote. A motion to accept **902 KAR 2:060 as amended** was made by Representative Marzian, seconded by Representative Wuchner, and approved by voice vote.

#### **Adjournment**

There being no further business, the meeting was adjourned at 12:08 p.m.

## **INTERIM JOINT COMMITTEE ON AGRICULTURE**

### **Minutes of the 1st Meeting of the 2017 Interim**

June 14, 2017

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

The 1st meeting of the Interim Joint Committee on Agriculture was held on Wednesday, June 14, 2017, at 10:00 AM, at the Kentucky Exposition Center in Louisville, Kentucky. Senator Paul Hornback, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Paul Hornback, Co-Chair; Representative Richard Heath, Co-Chair; Senators C.B. Embry Jr., Dennis Parrett, Damon Thayer, and Stephen West; Representatives Matt Castlen, Myron Dossett, Derrick Graham, David Hale, Mark Hart, Angie Hatton, James Kay, Kim King, Suzanne Miles, Sannie Overly, Jason Petrie, Rick Rand, Rob Rothenburger, Wilson Stone, Walker Thomas, James Tipton, Tommy Turner, and Susan Westrom.

Guests: Jason Rittenberry, President and CEO, Kentucky Venues, Karen Williams, President and CEO, Louisville Convention and Visitors Bureau, Secretary Don Parkinson, Tourism, Arts and Heritage Cabinet and Secretary William Landrum, Finance and Administration Cabinet, Ryan Quarles, Commissioner, Kentucky Department of Agriculture, Dr. Mark Lynn, Chair, Kentucky State Fair Board, and members of the Kentucky State Fair Board.

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

Co-Chair Hornback and Co-Chair Heath wanted members to know that they are planning to work on agricultural tax reform by inviting commodity groups to meetings and setting priorities for tax reform.

#### **Overview of Facilities and Tour**

Jason Rittenberry, President and CEO, Kentucky Venues, explained that Kentucky Venues is Kentucky State Fair Board's (KSFB) new public brand to promote all venues and events. Kentucky Venues operates the Kentucky International Convention Center along with the Kentucky Exposition Center. It owns and operates five in-house events as opposed to the events that come in and rent the facility for trade shows and conventions. The largest in-house shows are the National Farm Machinery Show, All-In Hoopfest, Kentucky State Fair, World Championship Horse Show and the North American International Livestock Exposition. Based on square feet, the Kentucky Exposition Center (KEC) is the sixth largest convention center in the United States. The Exposition

Center has to compete with Orlando, Los Vegas, and Chicago.

Mr. Rittenberry stated that the downtown Kentucky International Convention Center is undergoing a \$207 million renovation that should be completed in 2018. After the Convention Center reopens, it will have accommodations to attract 25 percent more conventions, meetings, and tradeshow. There are already 50 events scheduled from 2018 through 2022.

Mr. Rittenberry said that the Exposition Center and the Kentucky International Convention Center generated an economic fiscal impact of \$260 million in 2016. Kentucky hosts approximately 300 events attracting 2.3 million visitors annually. Tax revenues generated from the events total about \$36.4 million per year (state 28.9 percent and Louisville 7.5 percent).

Mr. Rittenberry said that agriculture and agribusiness is important to the State Fair Board and Kentucky Venues. The three in-house agriculture events, the National Farm Machinery Show, the State Fair, and the North American International Livestock Shows provide approximately \$50 million annually in an economic impact. The three events draw over a million attendees. The National Farm Machinery Show has been held for 52 years, the North American International Livestock show for 44 years, and the Kentucky State Fair for 113 years.

Mr. Rittenberry stated that the major industry is in the category of conventions and trade shows. Some of the biggest are Mid-American Truck Show (45 years), Recreational Vehicle Industry Association (35 years), National Street Rod Association (30 years), Green Industry Expo (27 years), International Construction and Utility Equipment Expo (30 years), VEX Robotics World Championship (three years), and Recreational Vehicle Industry Association (35 years).

Mr. Rittenberry stated that the Kentucky Exposition Center and the Kentucky International Convention Center provide a million-plus square feet under roof, but the number of acres that is on site is what sets the facilities apart from other convention centers. The conventions and trade shows drive economic impact which allows Kentucky Venues and the State Fair Board to continue promoting agriculture. Agriculture shows are not always profitable; conventions and trade shows make it possible to continue promoting agriculture. Kentucky Venues is always looking for new events, but it is important to make needed improvements in order to maintain older events and entice new events.

Mr. Rittenberry explained that the KSFB is seeking financial assistance. He explained that when the University of Louisville moved to the

YUM Center in 2010, the KSFB began losing \$20 million in revenue annually. The loss of revenue has prevented the KSFB from making repairs and upgrading the facilities. There is an immediate need for funding in order to make improvements to the facilities so the KSFB can maintain operations and the present business. The KSFB faces competition with newer facilities and larger cities courting the shows and events. Mr. Rittenberry stated that the KSFB has not had a maintenance fund since 2010. The lack of a maintenance fund has resulted in crumbling infrastructure, the Class A exhibit space is tired and worn out, and restrooms need updating. The top four priorities are \$6 million for the maintenance pool, \$3.5 million for entrance gate and parking booth upgrades, \$5 million for the Freedom Hall Phase 1 renovation, and \$7 million for the South Wing interior update. The renovation of Freedom Hall would have the biggest financial impact by bringing in more shows and events.

Mr. Rittenberry said that clients have given feedback on the facility's condition. One tradeshow exhibitor has said it would move unless major upgrades take place at the Exposition Center. Other comments have concerned the lack of floor ports in the East Hall, improper working condition of equipment, outdated restrooms, traffic congestion, and unsatisfactory meeting room conditions.

Mr. Rittenberry said that without making noticeable improvements to the Kentucky Exposition Center, there is a potential risk of losing additional long standing conventions and trade shows that have been in Kentucky for over 25 years. If that happens, there would be a large economic impact to the Commonwealth which would mean losing direct spending revenues, bed tax revenues, sales tax revenues, plus the reputation of the KEC would be tarnished throughout the industry.

Karen Williams, President and CEO, Louisville Convention and Visitors Bureau emphasized the strong partnership with Jason Rittenberry. Client survey information was an important tool in expanding the Convention Center downtown. She said that KEC is lucky to have host the five top trade shows in the United States. The Mid-American Truck Show, which has been at the KEC for 45 years, submitted an unfavorable post-convention review. From 2010 through 2017, the KEC scored the lowest remarks. The Mid-American Truck Show decided to move its trade show to Atlanta because of limited space and deterioration of the facilities. Other trade shows are also at risk of not renewing their contracts. She reiterated Kentucky's competition with large metro areas in other states. Each of those buildings has been expanded and renovated within the last five to 10

years and each building has reserved \$10 million to \$20 million in a fund for depreciation. Losing business will be detrimental to the heads and beds tax, sales tax, and the 1 percent lodging tax.

Mr. Rittenberry explained that the request for \$6 million is based on the industry standard of \$5 per square foot for annual maintenance on a building.

Mr. Rittenberry stated that there are large projects that can be done at the KEC with the P3 legislation such as an agribusiness center that would be dedicated to agriculture year-round and a large hotel connected to the Kentucky Exposition Center.

Secretary Don Parkinson, Tourism, Arts and Heritage Cabinet, stated that the cabinet could use about \$300 million for parks, KEC, and other maintenance projects. He said that it is important to start with renovations and maintenance at the KEC.

Secretary William Landrum, Finance and Administration Cabinet, explained that the Commonwealth owns four convention centers. All of the conventions centers are dealing with competition for events and trade shows, and therefore it was imperative to maintain and renovate the KEC. The Broadbent Arena roof is now being upgraded through funds from hail damage insurance.

In response to Senator Parrett, Ms. Williams said that the Future Farmers of America (FFA) Convention will likely not return to Louisville. FFA membership has grown to 300,000 members in the United States and internationally. At the last FFA Convention in Louisville, members were having to get rooms as far away as Frankfort. The FFA room block is approximately 32,000 and Louisville has about 18,000 rooms. In Indianapolis, the radius for hotel rooms is within 20 miles.

In response to Representative Stone, Mr. Rittenberry said that Levy Food Service owns, manages, and maintains the health and food safety requirements and building codes on all the food and beverages operations on site. KEC's own venues are older and thus require more maintenance and improvements, but they are held to the same standards and codes. Required American Disability Act (ADA) changes affect the budget.

In response to Representative King, Mr. Rittenberry said that he would give committee staff the attendance numbers for trade shows and other events. The 2.3 million attendance includes both venues—the downtown Convention Center and KEC.

In response to Representative Overly, Mr. Rittenberry said that overall Kentucky Venues is about 4.8 percent net income from operations, or about \$45 million in revenues. Factoring depreciation, Kentucky Venues loses about \$5



million annually.

Mr. Rittenberry told Representative Overly that Kentucky Venues is paying off the bonds. The state has been taking care of the debt service. He stated that he would provide staff with a report regarding the current bonds that are in place for improvements.

Representative Overly stated that she would like to know how many years are left on the bonds and what the state is paying toward past maintenance agreements. Looking at the six year plan, she would like to know the total request, if it is a single proposal, if it is a single proposal to update the entire venue, whether it would have a staggered term, and how the proposal would be presented to the General Assembly.

Mr. Rittenberry said that a handout shows the list and total amount of all the deferred maintenance issues that have been deferred over the past seven or eight years. The list does not take into account building anything new. The total is about \$28 million, and the handout lists each item of deferred maintenance, totaling \$28 million.

Co-Chair Hornback requested that information be provided to staff showing the debt service and the state's timeframe.

In response to Senator West, Mr. Rittenberry stated that raising entry fees or gate fees varies on the type of entry and the type of event that is happening. For a spectator paid event, Kentucky Venues can increase the prices and has been doing so. The purchase price of each ticket has a facility maintenance fee component, and KEC has been using that fee for maintenance of small projects. The larger trade shows and convention fees are set more by what the competition is charging per square foot. The rent can be reduced based on other revenues they bring in, such as for food and beverages.

In response to Representative Rothenburger, Mr. Rittenberry stated that the Kentucky State Fair Board is considering building the agribusiness center as a P3 project.

Dr. Mark Lynn, Chair, Kentucky State Fair Board stated that, three years ago, the Kentucky State Fair faced a \$9 million a year shortfall, and the current shortfall is \$4.5 million. From an efficiency standpoint, the KSFB has done everything it can to cut that number. The KSFB members are superb and have a passion for making things better.

Commissioner Ryan Quarles, Kentucky Department of Agriculture, echoed the comments of Dr. Lynn regarding the Kentucky State Fair Board members and Mr. Rittenberry. The members are active and show up for events and meetings. Kentucky needs to protect the reputation of having some of the largest agricultural shows, trade shows, and the Kentucky State Fair. He said that KDA

administers county fair grants of about \$450,000 a year. The application deadline is October 1.

Secretary Landrum stated that, when presenting a request for funding, it is necessary to provide the estimated costs and how the project is going to be paid for. The P3 legislation is a great tool in helping to move forward with projects and enables the Finance and Administration Cabinet to partner with a private developer, and if over 50 percent of the funds is provided by the developer and the amount does not exceed \$25 million, the cabinet can move forward. However, if the amount exceeds \$25 million, the contract must be presented to the General Assembly for approval during session. The cabinet recommends reviewing that stipulation as it discourages a private investor from waiting around for approval. Through the P3 legislation, the cabinet wants to ensure that the requirement for deferred maintenance is eliminated.

In response to Senator Parrett, Secretary Landrum said the vetting process for potential investors on a P3 project includes evaluation committees.

There being no further business, the meeting was adjourned.

## **INTERIM JOINT COMMITTEE ON LOCAL GOVERNMENT**

### **Minutes of the 1st Meeting of the 2017 Interim**

June 28, 2017

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

The first meeting of the Interim Joint Committee on Local Government was held on Wednesday, June 28, 2017, at 10:00 AM, in Room 154 of the Capitol Annex. Senator Joe Bowen, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Joe Bowen, Co-Chair; Representative Michael Meredith, Co-Chair; Senators Ralph Alvarado, Denise Harper Angel, Stan Humphries, Morgan McGarvey, Dorsey Ridley, Albert Robinson, Wil Schroder, Dan "Malano" Seum, and Damon Thayer; Representatives Danny Bentley, George Brown Jr., Ken Fleming, Kelly Flood, Toby Herald, DJ Johnson, Kim King, Adam Koenig, Brian Linder, Jerry T. Miller, Robby Mills, Phil Moffett, Steve Riggs, Rob Rothenburger, Attica Scott, Arnold Simpson, and John Sims Jr.

Guests: Mayor Tom Watson and Ed Ray, City of Owensboro; Mayor Claude Christensen, City of Sadieville; Bert May, Kentucky League of Cities; and Ron Wolf, Associated General Contractors of Kentucky.

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

#### **Municipal Perspectives of Statutory Effects on Cities' Fiscal Resources**

**Transient room taxes.** Mayor Tom Watson, City of Owensboro, said that the county created the tourism and convention commission and solely operates it. The money that goes to the commission is generated by a transient room tax of only one percent which is unfair. Eleven of the 12 hotels that pay the tax are within Owensboro which provides fire protection, public safety, infrastructure, and all that is needed to make people comfortable when they come to Owensboro.

**Road fund formula.** When the road fund was created, Kentucky was more of a rural state and Kentucky is still a rural state. The formula for distribution needs to be revisited. HB 292 demonstrated how the funding could be sent to the communities. When the funding formula was started, the agriculture community needed to get products to the city, and that was legitimate. Now Owensboro has 16.5 square miles within the city and there are 462 square miles in the county, but the folks within the city benefit the most as a general rule.-

**Telecommunication fees for cities.** Mr. Ed Ray, Owensboro City Attorney and Assistant Manager, said that cities receive 83 percent in telecommunication fees but 17 percent of that is still not coming in, which is a huge hit for some cities. The state needs to collect the telecommunication tax on behalf of some cities that do not have the sophistication to collect the tax. Some cities do not have franchise agreements in place. Two recommendations come to mind if the tax is revisited, the first being a better incentive than 17 percent of the tax going to the state for cities that need the state to collect the tax on their behalf. The second would be giving communities more latitude in crafting their franchise agreements, like the ability to require the franchisee to have a local office, and having the ability to gain funding from the franchisee for projects like public access television. The current law no longer allows that. Many cities of the former second class have the ability to collect the telecommunication tax and to write their own franchise agreements.

**Local option taxes.** Mayor Watson stated that he would like any local government to be able to consider the imposition of a local option sales and use tax. The fact that some cities are allowed to collect certain taxes and others are not is a subject of concern. Owensboro has just undergone significant downtown development spending up to \$150 million on the waterfront requiring the generation of revenue for the project. Owensboro has as much understanding of administering a local tax as anyone in terms of how much the community would tolerate and what the citizens would be interested in. The community would like some control and say over this potential revenue stream.



**Statutory options for merger of local governments.** There is an opportunity for unification so as not to duplicate services. A document between a city and a county should be devised for revenue sharing.

Mr. Ray noted that of around \$7 million collected in total from property taxes in Daviess County last year, a little over \$4 million was collected from city residents. Of the county services provided to the city residents, such as jails, emergency management, and animal control, the contributions to the budget of those services equaled around \$790,000 out of the \$4 million collected from the city.

Mayor Watson provided a breakdown of the total county budget figures for several county services.

Also, a task force should be created to study unification.

The ability to make more appointments to the local airport board would be welcomed, which would require a change in statute.

Senator Bowen commented that these issues are not unique to the City of Owensboro. These are issues all cities are facing.

City of Sadieville Mayor and President of the Kentucky League of Cities (KLC) Claude Christensen said that over 52 percent of Kentucky cities have populations of less than 1,000, with the City of Sadieville having 332.

KLC has a long history of being involved in tax reform discussions involving local governments. There should be tax reform but it should be deliberate and careful. There should be tax structure equity between cities. The playing field is not level. The idea that Sadieville cannot levy an occupational tax is not fair. Sadieville is not able to draw any revenue from the businesses in the town from that source. Cities want to partner with the General Assembly to level the taxing structure for fairness. Taxes need to be reasonable, intentional, clear, and fair.

KLC's Board of Directors adopted several Principles of Advocacy. At the heart of those principles lies the preservation and expansion of home rule. To that end, KLC is against centralized collection of taxes and which is viewed as a "deal-breaker" by the KLC Board of Directors.

Small cities have many of the same issues as the larger cities—roads to take care of, buildings to maintain, land and park space, but just on a smaller scale. There are not as many police officers as in Lexington, but the ones employed in the city must be taken care of. For Sadieville, it is a choice of buying a cruiser or paving a mile of city streets. Sadieville receives \$5,300 a year from the road aid fund to help maintain nine miles of city streets. It does not come close to the actual costs—the city must always go to the general fund. Sadieville's total budget for this year is \$333,000—the biggest ever. A third of that must

go to maintenance. Small problems are more acute in small towns.

In summary, cities need the following: trust of the General Assembly; stability, flexibility, and tools that allow a diversity of approaches to problem solving; and room to work.

In response to a question from Senator Seum, Mr. Ray said of the money Owensboro gets from the transient room tax and sales tax, most of it goes to the tourism commission for marketing; one percent goes for infrastructure, and three percent goes for a tourism funding mechanism. The total percentage of taxes varies from location to location. Equity is a concern. Owensboro is prohibited by statute from levying a restaurant tax. And if Owensboro were to levy its own transient room tax, it would be a "stacking" tax—one that had no set-off and would be added to the other taxes lessening regional competitiveness. Allowing a restaurant tax for other cities would be a significant piece of legislation for the General Assembly to pass.

Representative Koenig commented that he echoes the concerns about centralized tax collection and supports the merger of local governments.

In response to a question from Senator Schroder, Mr. Ray replied that the telecommunications tax reform legislation took the teeth away from local governments—the only option left was federal arbitration in enforcement of franchise agreements. There are also never any competing franchise offers.

In response to a question from Representative Fleming, Mayor Christensen stated that KLC is in favor of looking at alternatives or options for revenues. There is a leaning toward a consumption-based tax structure. Mayor Watson said the City of Owensboro has looked at everything for ways of efficiencies. The occupational tax is on the back of the taxpayers and he hates it, too.

In response to a question from Representative Riggs, Mayor Watson said he was not sure of any necessary changes to municipal annexation laws, and the City of Owensboro annexes everything it can. Mr. Ray added that Owensboro has a very aggressive annexation plan.

In response to a question from Senator Humphries, Mayor Watson said the City of Owensboro had to come up with an annexation program in order to grow because of geography. Mr. Ray said Owensboro has not had any forced annexations with the county—they have all been consensual—and has experienced only one de-annexation that was initiated by a boundary issue.

In response to another question from Senator Humphries, Mr. Ray stated that the county fully funds the jail. The revenue being generated for the county by the taxpayers within the corporate

limits of the city is apparently higher than the county services that the city taxpayers receive.

In response to a question from Representative Miller, Mayor Christensen and Mayor Watson said they have tried to put together a taxation work group with KLC and KACo.

In response to a question from Representative Johnson, Mayor Watson stated that being able to "get in the door" for revenue sharing would be good, and then negotiations could begin.

Mayor Christensen commented that the City of Sadieville has a generous fiscal court in its county. The city and county have to partner to get things done. The City of Sadieville and Scott County have tried to cultivate a good working relationship. Anything the General Assembly could do to encourage partnerships would be very helpful.

Representative Meredith commented that cities and counties have to be careful when talking about revenue sharing because it is a city by city and county by county situation. In addition, the city reclassification bill was a first step. The next step will be to look at issues relating to uniformity and taxation and to look at some of the more controversial subjects that the bill did not address at the time.

Senator Bowen announced that the next meeting of the committee will be July 26<sup>th</sup>.

There being no further business, the meeting was adjourned at 11:20 a.m.

## **INTERIM JOINT COMMITTEE ON STATE GOVERNMENT**

### **Minutes of the 1st Meeting of the 2017 Interim**

June 28, 2017

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

The 1st meeting of the Interim Joint Committee on State Government was held on Wednesday, June 28, 2017, at 1:00 PM, in Room 154 of the Capitol Annex. Representative Kenny Imes, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Joe Bowen, Co-Chair; Representatives Jerry T. Miller, Co-Chair, and Kenny Imes, Co-Chair; Senators Ralph Alvarado, Denise Harper Angel, Stan Humphries, Christian McDaniel, Morgan McGarvey, Dorsey Ridley, Albert Robinson, Wil Schroder, and Damon Thayer; Representatives Lynn Bechler, Kevin D. Bratcher, Tom Burch, John Carney, Will Coursey, Jim DeCesare, Joseph M. Fischer, Derrick Graham, Richard Heath, Dennis Horlander, Dan Johnson, DJ Johnson, Brian Linder, Mary Lou Marzian, Reginald Meeks, Phil Moffett, Sannie Overly, Jason Petrie, Rick Rand, Jody Richards, Bart Rowland, Attica Scott, Tommy Turner, and Scott Wells.

Guests: Commissioner Rick Sanders,

Kentucky State Police; Shellie Hampton, Director, Kentucky Associations of Counties; Bryana Carroll, Manager, Kentucky League of Cities; and Commissioner Mark Filburn, Kentucky Department of Criminal Justice Training.

LRC Staff: Judy Fritz, Karen Powell, Alisha Miller, Kevin Devlin, Michael Callan, Roberta Kiser, and Terisa Roland.

### **Overview of Constitutional Amendments Filed During 2017 Regular Session**

#### **2017 SB 2-Senator McDaniel**

Senator McDaniel presented 2017 SB 52 proposing to amend Section 95 of the Kentucky Constitution and relating to moving the election of statewide constitutional officers to even-numbered years beginning in 2024. He stated that there were two primary reasons for this proposal. Initially, it would result in an approximate \$19,000,000.00 cost savings to state and local governments over a four-year election cycle. Secondly, it would increase voter participation. It is preferable this proposed Constitutional Amendment be on the 2018 ballot, with those state officials elected in 2019 serving a five-year term.

In response to a question from Representative Carney, Senator McDaniel stated that the county clerks had been supportive of this proposal in the past and he anticipated they would be again. He had not made specific inquiry of other groups but expected support from other organizations.

Representative Carney stated he supports the measure and referred to the proposal as a “common sense approach.”

Representative Birch expressed concern about the effect of this proposal on legislative independence discussing the history of election dates and the separation of legislative elections from the election of constitutional officers and about extending the terms of those officers elected in 2019 to five years.

In response to questions from Representative Birch, Senator McDaniel stated that eliminating elections from all odd-numbered years would result in savings simply through the reduction of the number of elections held.

Senator Thayer stated that he supported this measure being presented to the voters on the 2018 ballot. After 2019 only three states would hold elections for governor in odd-numbered years, specifically Kentucky, Mississippi, and Louisiana. This proposed change would help with election fatigue which would, in turn, increase voter participation.

Representative Graham stated that he had concerns about the governor's election being held at the same time as the presidential election.

In response to a question from Representative Graham, Senator McDaniel stated that his original intent had been to place the state-wide constitutional elections in the even-numbered

years that did not contain a presidential vote so the focus was clearly on state issues as opposed to national issues but changed the date to off-set further delays in implementing this change for the benefit of increasing voter participation.

In response to a question from Senator Ridley, Senator Thayer said he did not have exact numbers of how many states that utilized even-numbered election years conducted those elections with the presidential election and how many states used the even-numbered years that did not fall at the same time as the presidential election, but approximated one-third of the states conducted their gubernatorial elections at the same time as the presidential election and two-thirds of the remaining states that held their state-wide elections during even-numbered years did so in the even-numbered years that did not involve the presidential election.

Representative Linder said many of his constituents had expressed support for moving the elections as they believed it just made sense. He stated it would help with voter fatigue and this proposed change would increase voter turnout.

In response to a question from Representative Scott, Senator McDaniel said he estimates that the state would save approximately \$3,500,000.00 and the counties would save approximately \$15,000,000.00.

#### **2017 HB 34-Representative King**

Representative King stated 2017 HB 34 was a proposal to amend Section 42 of the Kentucky Constitution providing that payment of compensation for members of the General Assembly would be suspended during a Special Session necessitated and called due to the failure of the General Assembly to pass a budget during its Regular Session. This proposal is a non-partisan matter supported by her constituents regardless of political party. One of the primary jobs of the General Assembly is to pass a biennial budget bill. When the General Assembly fails to do their job during the Regular Session the members of the General Assembly should not be paid if they are called back into Special Session to consider and pass a budget. The failure to pass a budget bill during the Regular Session is a failure to perform the duties assigned.

Representative Heath stated that he supports the idea presented by Representative King as he believes this would increase the incentive to pass a budget bill and to pass it on time.

Senator Schroder stated that he had drafted similar legislation in the past but was presented an opposing view that resulted in him rethinking the matter. A concern had been raised that some members of the General Assembly might find themselves signing off on a bad budget bill rather than commit their own time to the process in an unpaid Special Session.

In response to a question from Representative

Marzian, Representative King replied that it was her intent the non-payment of compensation would apply only to the legislators, not LRC staff.

Representative Birch said the General Assembly was a part-time legislature and it would not be economically feasible for legislators to attend a Special Session and receive no compensation. Some members might vote for a bad budget rather than proceed with no budget at all.

In response to a question from Representative Overly, Representative King stated that she did not envision the proposed amendment precluding payment of legislators when a budget had been passed and then vetoed by the Governor after the General Assembly had adjourned and additional legislative action was then required, but she would be willing to address this in the proposed amendment if necessary.

In response to a question from Representative Petrie, Representative King stated that she could recall three occurrences over the past seven years where the General Assembly had failed to pass a budget bill during its Regular Session necessitating the need for a Special Session, although this had not been an issue in the past few years.

Senator Thayer reminded the members of the Committee that no more than four proposed amendments could be presented to the voters at any one time.

Representative Graham expressed agreement with Representative King that this was a non-partisan issue, but he also expressed concern as to the impact this proposal would have on the families of legislators, as well as the legislators themselves. Legislators who live a considerable distance from Frankfort would not only incur out-of-pocket travel and lodging costs but they would be required to give up time with their families, and their businesses or employers would be denied the benefit of their talents as well.

Representative DeCesare stated that he supported this proposal as he had filed this same proposal before. This would serve as an incentive for the General Assembly to do its job.

Representative Fischer stated that he believed the language of the proposed amendment addressed the issue of compensation in the event the General Assembly passed a budget that was vetoed by the governor resulting in the need for further legislative action, specifically citing language that the prohibition on compensation would arise only when the General Assembly had “not passed an appropriations bill.”

In response to a question from Representative Wells, Representative King stated that she was willing to clarify whether expenses incurred by members of the General Assembly



associated with any required Special Session to address the budget as discussed would also be the responsibility of the individual legislators or whether they would be subject to reimbursement. Representative Wells suggested this could be an area of compromise.

#### **2017 HB 160-Representative Koenig**

Representative Koenig summarized 2017 HB 160 stating this proposal to amend Section 99 of the Constitution would permit counties and cities to enact local ordinances that would eliminate constables from operating within their respective areas. While constables may serve a useful purpose in some areas of the state they may be viewed as a potential liability in others and this proposal respects Home Rule.

Commissioner Rick Sanders, Kentucky State Police, stated he supported the legislation. He noted that the need for constables had been debated for years as to whether they were an asset or a liability. This gives the community a chance to vote on whether they wish to utilize a constable or not. Constables are not POPS certified and this is concerning.

Shellie Hampton, Director of Governmental Relations with the Kentucky Association of Counties, stated that her organization supported the proposal. KACO has been in support of addressing this issue since 2010 and this proposal was a good compromise and is the essence of Home Rule, recognizing that some counties use constables.

Bryanna Carroll, Governmental Affairs Manager for the Kentucky League of Cities stated that KLC also supported this proposal and has been supportive of addressing the issue of constables since 2012. Kentucky prides itself on the need and training provided for police and there is concern that some individuals are afforded the same police powers without the training. She requested the support of the General Assembly to address this option.

Commissioner Mark Filburn, Kentucky Department of Criminal Justice Training, spoke in favor of the proposal. Kentucky has the best trained law enforcement officers in the country in his opinion. Commissioner Filburn stated that officers must complete twenty-three weeks of academy training followed by in-service training. Training is critical. POP Standards include drug screening, polygraphs, and background checks.

Representative Koenig advised the Committee members that they had been given an "Executive Summary" with a link to the full report of a study conducted by the previous administration in 2012 on this issue. He cited the study's finding that one-quarter of one percent of law enforcement activities are performed by constables, yet there are approximately 500 constables in the state. If a constitutional convention were held tomorrow he thought it

highly unlikely constables would be included in the Constitution as a mandatory office. While constables may have been important in 1892 they are not necessary now. This issue is bipartisan and has broad support.

Responding to a question from Senator Bowen, Representative Koenig stated that it was his understanding there was no compensation package for constables anymore. Constables are paid to serve papers but a person does not have to be a constable or a member of law enforcement to serve papers.

Representative Carney stated he appreciates the option to preserve the services of constables as some counties, particularly those in rural Kentucky, utilize their services. Constables had expressed to him their desire to receive POPS training and he thought they should be given this opportunity. Representative Carney and Commissioner Filburn discussed the resources and priorities regarding the training issue.

Representative Birch stated that he was in favor of the proposal and would like to be a co-sponsor. This was good legislation and the job of constable is not fully necessary anymore.

Responding to a question from Representative Meeks, Commissioner Sanders and Commissioner Filburn discussed the length of training provided to law enforcement officers, the costs involved, and what could be done to carve out space for training for those constables as constitutional officers that wanted to get into the POPS training program.

Responding to a question from Representative Bechler, Representative Koenig said that under this proposal a city could preclude constables from going into that city to perform duties.

Responding to a question from Representative DeCesare, Representative Koenig said that while constables are not POPS certified they do have arrest powers in their jurisdictions just like any law enforcement officer and can appoint as many deputies as they desire so long as the County Judge Executive approves of those appointments. Those deputies would also have full police powers.

#### **2017 SB 251-Senator McGarvey**

Senator McGarvey stated that 2017 SB 251 proposed to amend Sections 32, 95, 145 and 146 of the Kentucky Constitution and that he views this bill as an election reform bill. Moving the election of statewide constitutional officers to even-numbered years had already been discussed. Such a change would result in increased voter participation and cost savings. There is value in keeping local and statewide issues separate from national issues so there is some concern about whether the election should be in a presidential year as opposed to being in a year with the election of other county officials.

Senator McGarvey stated that this

proposal would also add an additional voting day, specifically the Saturday before the general election, as this would increase voter participation as well. The cost savings from moving the election for statewide officers to even-numbered years could be used to provide for this additional day of voting and would not require opening every polling location.

Senator McGarvey also addressed the component of the bill regarding automatic restoration of voting rights for convicted felons. The person seeking restoration must make application, complete his/her sentence and complete making restitution if that had been ordered.

Senator McGarvey then stated that another provision of the bill provides for term limits for members of the General Assembly. The proposal is for four Senate terms and eight House terms, for a total of 16 years.

Representative Birch said that other states that had provided for term limits later regretted doing this, but he supports the other portions of the bill.

Responding to a question from Representative Bechler, Senator McGarvey stated some people find it difficult, if not impossible, to get to the polls within the time allowed on election day for many reasons. People have more flexibility on Saturdays in general and providing an additional voting day on the Saturday before the election could accommodate more voters.

Representative Graham stated that there are already term limits on members of the General Assembly and those term limits come from the voters. With the advance of legislative independence, term limits are a disadvantage due to the power of the executive branch in Kentucky. Move in a cautionary fashion in this area.

#### **2017 SB 251-Senator McGarvey; 2017 HB 373-Representative Miller**

Senator McGarvey stated that his proposal to amend Section 226 of the Kentucky Constitution regarding casino gaming is a simple up or down question. Do you want this or not? If you do, then for ten years 100 percent of the proceeds will go to the state pension funds.

Representative Miller addressed the needs of the pension system. This proposal provides a new source of revenue. The voters will decide. Conservatively it is anticipated that the funds provided to the state will be a minimum of \$250,000,000.00 per year. The County Judge Executives Association supports this proposal.

Representative Dan Johnson stated that he supports this proposal.

Senator Bowen said that he is for identifying any additional revenue streams for the pension issue.

Representative Wells said that he is supportive of this proposal. In response to a question from Representative Wells, Senator McGarvey clarified that the amounts that would go into the pension systems would be the amount remaining after administrative costs were subtracted.

Representative Imes stated that he had pre-filed a bill regarding administrative regulations that would be addressed at a later meeting. Future meetings would most likely address other election bills and constitutional amendments that were not discussed today as well as other matters of interest to the county clerks and the Secretary of State.

Paper copies of all documents that were distributed to the members are available in the Legislative Research Commission Library.

With business concluded, the meeting was adjourned at 2:45 p.m.

## **INTERIM JOINT COMMITTEE ON ECONOMIC DEVELOPMENT AND WORKFORCE INVESTMENT**

Minutes of the 2nd Meeting  
of the 2017 Interim  
July 5, 2017

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

The 2nd meeting of the Interim Joint Committee on Economic Development and Workforce Investment was held on Wednesday, July 5, 2017, at 1:00 PM, in Room 154 of the Capitol Annex. Representative Jim DeCesare, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Alice Forgy Kerr, Co-Chair; Representative Jim DeCesare, Co-Chair; Senators Rick Girdler, Denise Harper Angel, Ernie Harris, Jimmy Higdon, Stephen Meredith, Reginald Thomas, and Mike Wilson; Representatives McKenzie Cantrell, Daniel Elliott, Al Gentry, Toby Herald, Dennis Horlander, Joni L. Jenkins, James Kay, Kim King, Adam Koenig, Russ A. Meyer, Jerry T. Miller, C. Wesley Morgan, Jason Nemes, Jason Petrie, Phillip Pratt, Steve Riley, Rob Rothenburger, Dean Schamore, Diane St. Onge, Wilson Stone, Russell Webber, and Scott Wells.

Guests: Secretary Derrick Ramsey, Labor Cabinet; Deputy Secretary Mike Nemes, Labor Cabinet; Acting Commissioner Robert Swisher, Department of Workers' Claims, Labor Cabinet; Commissioner Ervin Dimeny, Department of Workplace Standards, Labor Cabinet; Hal B. Goode, President and CEO, Kentucky Association for Economic Development; Sierra Enlow, Director and Board Member, Kentucky Association for Economic Development; and Brad Thomas, Director and Board Member, Kentucky Association for Economic

Development.

LRC Staff: Carla Montgomery, Andrew Manno, and Sasche Allen.

### **Labor Cabinet Update**

Members of Labor Cabinet leadership gave an update on various Cabinet programs and an overview of progress and improvements for different divisions within the Cabinet. Secretary Ramsey went over some of the major highlights of the Cabinet. He briefly discussed the new claim filing system within the Department of Workers' Claims (DWC) that allows parties to file necessary documents online. He said that over the past year the Division of Wage, Hour and Mediation in the Department of Workplace Standards completed over 2,376 cases and collected \$2,150,000 in restitution for 2,128 employees. The Cabinet has made efforts to improve the Division of Occupational Safety and Health within the Department of Workplace Standards after receiving feedback from employers across the state. Secretary Ramsey expressed the Cabinet's excitement about its Apprenticeship Program that now has over 3,000 participants. Notably, the Cabinet recently announced Norton Healthcare's Student Nursing Apprenticeship Program, which is the first healthcare apprenticeship program in the country.

Deputy Secretary Mike Nemes gave an overview of legislation that was passed in the 2017 Regular Session including House Bill 1, which made Kentucky a right to work state, and House Bill 3, which repealed Kentucky's prevailing wage law. House Bill 206 allows for Kentucky Education Excellence Scholarship (KEES) funds to be used when a student is enrolled in a registered apprenticeship program. Deputy Secretary Nemes also discussed House Bill 299, which reorganized the Workers' Compensation Nominating Committee; House Bill 293, a reorganization bill that renamed several departments within the Cabinet; House Bill 377, relating to the Workers' Compensation Funding Commission; and House Bill 378, a housekeeping matters for the Cabinet. He noted that House Bill 377 has saved numerous jobs in the coal industry in Kentucky. Deputy Secretary Nemes reiterated the progress of the Apprenticeship Program and the enhancements in the Kentucky Safety and Health (OSH) Program. Secretary Ramsey added that programs such as the Apprenticeship Program thrive due to the partnership with other cabinet secretaries such as Cabinet for Economic Development Secretary Terry Gill and Education and Workforce Development Cabinet Secretary Hal Heiner.

Acting Commissioner Bob Swisher for the Department of Workers' Claims went in to further detail about the recent changes in the DWC. During 2016 six administrative law

judge positions remained vacant due to ongoing litigation in Franklin County Circuit Court. However, the Department recently welcomed seven new administrative law judges. Despite only operating with 11 administrative law judges for most of 2016, the department operated without delays and resolved claims on a timely basis. He said that all of the new administrative law judges are competent and highly qualified. The new Chief Administrative Law Judge is Douglas Gott. Commissioner Swisher confirmed that the DWC has a new Louisville hearing site being constructed between Hurstbourne Parkway and Shelbyville Road, which will offer free parking for claimants. The new site will be open in the next three to four months. The Commissioner discussed the medical dispute program which dedicates two administrative law judges to the medical dispute docket. This program began in 2013 but was suspended due to the shortage of judges with the department. Now, with a fully operating staff of administrative law judges, the medical dispute program has been reinstated.

The DWC has developed the Litigation Management System (LMS), and it became mandatory for all claims July 1, 2017. This program requires paperless online filings to initiate workers' compensation claims and submit litigation related documents. All parties to a claim can access LMS to view claim details and monitor activity. The system is also a way for the Department to track data and compile statistics. A training team was put together to train attorneys and their staff members, adjusters, third party administrators, and court reporters.

Since January 2014, 2,158 Coal Worker's Pneumoconiosis (CWP) claims have been resolved either by administrative law judge decision or agreement. Approximately 530 claim are temporarily assigned to Chief Administrative Law Judge Gott, while 304 claims are assigned to Administrative Law Judge Roland Case. House Bill 377 mandated that the CWP Fund, which paid 50 percent of all income benefits for CWP claims, be transferred to Kentucky Employees' Mutual Insurance (KEMI). There has been an efficient transition to KEMI with no delay of benefits to CWP claimants.

Commissioner Ervin Dimeny went over some of the details concerning the improvements that have been made in the Department of Workplace Standards that addressed professionalism, training, accountability and results. A business plan was developed specific for each division of the Department, and there are currently follow up meeting done on a monthly basis to ensure progress of those new procedures and strategies. The Commissioner said there has been a major culture transformation due to the recent changes. He also highlighted that 2016 had the lowest injury rate in Kentucky's



history. Commissioner Dimeny echoed previous comments regarding the Apprenticeship Program and added that advancement can be attributed to making the program industry driven by further addressing business needs. Over the past year, approximately 1,000 new apprentices joined the program and about 300 graduated. There are over 500 youth apprentices and around 80 veteran apprentices. The Commissioner discussed a new program offering apprenticeship opportunities to foster children within the state who have aged out of the system. There are 179 sponsors of the program, 173 companies that are on the job training providers, and 1,200 companies that use apprentices across various sectors in the state covering 41 registered skills.

Addressing a question from Representative Jerry Miller, Commissioner Swisher said that the 2016 spike in hearing loss claims, CWP claims and cumulative trauma or injury claims is a direct result of coal mine closures. He said he anticipates those filings to decrease in the next several years. In response to a follow up question, Commissioner Swisher said that LMS will allow the Department to capture data and draw statistical analysis, but the system was not designed to provide any information that may prevent workplace injuries.

Responding to Representative Diane St. Onge, Commissioner Dimeny stated the Department has been working with Colonel Blaine Hedges, the Executive Director of the Kentucky Commission on Military Affairs, and officials at Fort Knox and Fort Campbell to offer more opportunities in the Apprenticeship Program to veterans.

In response to Representative Scott Wells, Commissioner Swisher said that although the LMS program became mandatory July 1, 2017, the Department will still accept paper filings from unrepresented litigants.

Replying to Representative McKenzie Cantrell, Deputy Commissioner Nemes stated that the amount of funds collected by the Division of Wage, Hour and Mediation from employers is posted on the Labor Cabinet's webpage. Commissioner Dimeny added that there are currently 13 investigators that respond to complaints, but the cabinet does not compile statistics on specific sectors that are affected by wage theft. Responding to a follow up question, Deputy Secretary Nemes said that investigators will now have additional time to be able to concentrate more on the backlog due to the repeal of the prevailing wage law.

Senator Jimmy Higdon commended the Cabinet for its Apprenticeship Program and the KY FAME Program. He said the programs help youth to develop soft skills and to get adjusted to a work environment. Senator Higdon said the future of developing the state's workforce starts

with exposing youth to a work environment. Secretary Ramsey noted that there needs to be culture change in the state and more programs like the Apprenticeship Program should be encouraged. He also spoke about career exploration youth program in Switzerland that he had observed, and there will be a similar pilot program tested in Bowling Green.

Replying to Senator Mike Wilson, Secretary Ramsey said that once someone is certified in Kentucky as a journey person, that person is able to use the certification in all other states, Australia and Canada. Deputy Secretary Nemes added that when a person comes to Kentucky who is a certified journey person from another state, the person does must complete a program but at a shorter length of time. Reciprocity and licensing of those coming from other states would be a legislative issue.

Addressing Representative Rob Rothenburger, Commissioner Dimeny said it may be possible for Kentucky OSH training courses to be available for high school students to receive college credit.

Co-Chair Jim DeCesare commented about the strong partnerships among cabinets and said that Kentucky must increase labor participation.

Senator Ernie Harris cautioned about starting career exploration for children at such a young age so as not to lock a student into one particular area so early in their lives. Secretary Ramsey said different approaches must be utilized to increase workforce participation. Deputy Secretary Nemes added that children should be exposed to new possibilities to help them to identify possible career paths for their future.

#### **Kentucky Association for Economic Development**

Hal B. Goode, President and CEO of the Kentucky Association for Economic Development (KAED), and Sierra Enlow and Brad Thomas, both of whom are association directors and board members, discussed KAED. KAED is a professional economic development association that connects public sector and private industry professionals. It offers professional development, networking with economic development professionals from across the state, and solutions for cross-marketing in Kentucky. Mr. Goode said KAED works very closely with the Cabinet for Economic Development to assist with facilitating job retention, growth, and creation of entirely new opportunities.

KAED's three main goals are to advocate, educate and connect. The organization holds weekly public policy conference calls with key legislators, lobbyists and policy makers. It educates its members at annual conferences with top consultants from all over the country and

offers webinars that provide hands on experience on the how-to in economic development. Mr. Goode mentioned the upcoming fall conference that will be held in Bowling Green November 8, 9 and 10, 2017. KAED keeps its members connected so they have access to valuable resources that will assist in their day to day business needs by offering networking and marketing opportunities. Due to education and professional development, KAED saw a 213 percent increase in fall conference attendance and a 54 percent increase in spring conference attendance from 2012 to 2016. Currently the organization has 525 members with 307 different companies that are represented.

Ms. Enlow spoke about the Kentucky Institute for Economic Development (KIED), which is a course that educates participants in the fundamental and emerging concepts of comprehensive economic development. Its upcoming event will be August 21, 22, 23 and 24, 2017 in Lexington. The KIED course will include topics such as marketing and attraction; business retention and expansion; and entrepreneurial and small business development. Ms. Enlow said this event is a great opportunity for young professionals to get involved with economic development.

Mr. Goode commented on Kentucky United, which is a public-private partnership that was developed in 2008. This occurred after KAED took a nationwide survey of about 500 consultants across the country regarding marketing perceptions of Kentucky. The organization is devoted to promoting Kentucky's business climate. In 2016, Kentucky United secured a major project for the Owensboro area called Alorica, which is a \$200 million investment with a potential of 830 new jobs. Mr. Thomas explained that after traveling to various other states and countries, there will be more investments to come in the future in Kentucky.

Mr. Goode closed by giving an overview of some previously mentioned upcoming events and showing a short video about KAED with interviews of several members of the organization.

Senator Jimmy Higdon commented on the changes of the state's economic development over the years and thanked KAED for its work.

After a question from Representative Kim King, Mr. Goode said that when a company is deciding to locate to a particular state, right to work laws definitely are a factor. He said it will take time to analyze the economic impact of passing right to work legislation. Mr. Thomas added that in the past Kentucky was competing with other states, but now the competition is between Kentucky counties. Mr. Goode said KAED would be willing to be involved with discussion on comprehensive tax reform as it

relates to economic development.

Replying to Representative Wilson Stone, Mr. Goode said economic developers can get creative with incentives for companies locating in Kentucky that are not necessarily tax incentives. Mr. Thomas agreed and noted that every state offers tax incentives for businesses, but equally important is ensuring the longevity of companies in the Kentucky communities and making sure the companies are supplied with a skilled workforce.

Representative C. Wesley Morgan said that since the prevailing wage has been repealed the Madison County School District has been able to save \$1.2 million in construction costs for a new high school.

Responding to Representative St. Onge, Mr. Goode confirmed that KAED would be able to help her facilitate a twin cities program.

Representative Jason Nemes said that Louisville was recently named as the number one place for manufacturing in the country and that although new companies should be recruited from out of state, attention should still be given to existing Kentucky employers and employees, especially those at Ford Motor Company and its union--UAW.

With no further business to come before the committee, the meeting was adjourned at 2:48 p.m.

## **INTERIM JOINT COMMITTEE ON JUDICIARY**

### **Minutes of the 2nd Meeting of the 2017 Interim**

July 7, 2017

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

The 2nd meeting of the Interim Joint Committee on Judiciary was held on Friday, July 7, 2017, at 10:00 AM, in Room 131 of the Capitol Annex. Senator Whitney Westerfield, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Whitney Westerfield, Co-Chair; Representative Joseph M. Fischer, Co-Chair; Senators Danny Carroll, Perry B. Clark, Ray S. Jones II, Alice Forgy Kerr, John Schickel, Wil Schroder, Dan "Malano" Seum, and Robin L. Webb; Representatives John Blanton, Larry Brown, Tom Burch, McKenzie Cantrell, Daniel Elliott, Angie Hatton, Joni L. Jenkins, Stan Lee, Chad McCoy, C. Wesley Morgan, Kimberly Poore Moser, Jason Nemes, Jason Petrie, Brandon Reed, and Gerald Watkins.

Guests: Secretary John Tilley, Commissioner Jim Erwin, Kevin Pangburn, Lieutenant Colonel John Bradley, Laura Sudkamp, Regina Wells, Mitch Charney, Judge Marie Hellard, and Steve Klipp.

LRC Staff: Katie Comstock, Alice Lyon,

Chandani Kemper, Dale Hardy, Crystal Allen, Brian Lock, Matt Trebelhorn, and Elishea Schweickart.

#### **Update from the Justice Cabinet**

Secretary John Tilley thanked the committee for hearing the Justice Cabinet's presentations.

#### **Department of Corrections: Substance Abuse Medication Assisted Treatment**

The Secretary of the Justice Cabinet, John Tilley, testified about substance abuse medication assisted treatment, with Commissioner Jim Erwin and Kevin Pangburn, Director of Substance Abuse Services.

Commissioner Erwin stated that, due to Senate Bill 192, the department has been able to use new treatments for substance abuse that it had not been able to use in prior years. Senate Bill 195 provided funding for the use of vivitrol, which is a medication that is used to treat opioid and alcohol addictions. This medication is also combined with counselling, behavior therapies and monitoring from social services clinicians to ensure the best chance of addiction recovery. The program is known as Substance Abuse Medication Assisted Treatment (SAMAT). The medication is started 60 days before an inmate is released, and the continuation of this medication after release can be funded by the Affordable Care Act (ACA).

The drug treatment program began in March 2016. There are 12 adult facilities in Kentucky, and inmates in all 12 facilities qualify to participate in this drug treatment program. Mr. Pangburn stated that, by the time program participants receive treatment at one of Kentucky's prisons, they have already failed numerous attempts at substance abuse treatment. Participant selection and acceptance into the drug treatment program include:

- substance abuse history related to alcohol / opioids,
- completion of cognitive-based Substance Abuse Treatment Program,
- requires voluntary involvement,
- medical and mental health screening,
- negative urinalysis testing results during follow-up appointments.

Currently, the total number of candidates is 821. One hundred inmates have been released from prison on Vivitrol, and there is an 80 percent success rate. Upon release, vivitrol continuation is voluntary. SAMAT is the national model.

Responding to a question from Representative Moser, Mr. Pangburn stated that is a six month program. Commissioner Erwin stated that the drug treatment program is based on allowances from Senate Bill 192 because that is how funding is acquired.

Responding to a question from Representative McCoy, Commissioner Erwin stated that there is a six month wait list. County

jails hold the highest wait list due to limits with space. There is no wait list with community mental health.

Responding to a question from Representative Jenkins, Secretary Tilley stated that the financial impact of the program is predicted to be \$30 million. The Justice Cabinet is preparing for it as best as it can. The cabinet is working daily with the Cabinet for Health and Family Services to find ways to fund and make treatment available to everyone who needs it.

Responding to a question from Representative Burch, Secretary Tilley stated that there are 24,000 state inmates in Kentucky. Ninety percent of court dockets are drug related.

#### **Kentucky State Police: Rapid DNA Collection upon Felony Arrest**

Secretary Tilley, Laura Sudkamp, Kentucky State Police (KSP) Lab Manager, Lieutenant Colonel John Bradley, and Regina Wells, DNA Database Supervisor, discussed rapid DNA collection.

Lieutenant Colonel Bradley stated that the goal of the presentation is to try to destigmatize DNA use. While DNA is the key to a person's genetics, the use of DNA by law enforcement is only an identification service that can lead to convictions or exonerations.

Ms. Sudkamp testified about the federal Rapid DNA Act. Rapid DNA is new technology that can be used in a few different ways, with the goal being to receive DNA results in two hours or less. Rapid DNA testing started by being used by the military and has now moved to crime labs. Rapid DNA testing has also upheld as constitutional during Maryland v. King.

Phase one of Rapid DNA testing is to allow them to be outside of the laboratory. A cheek swab will be taken upon arrest at booking stations. The sample will be put into the testing instruments at the jails, and results will be ready within two hours. The identification made by Rapid DNA is the same as an identification made by using fingerprints. Phase two will get Rapid DNA instruments into the labs. If an unfortunate disaster were to occur in Kentucky, Rapid DNA collection would make identification of persons involved much faster compared to the current use of extracting DNA from bones. Currently, identification following DNA collection from bones can take weeks to months.

Ms. Sudkamp stated that the KSP lab would be able to handle an increase in samples if Rapid DNA were to be used in Kentucky. Rapid DNA would help with identification of many unidentified remains. The process would be much faster and less expensive.

Responding to a question from Senator Westerfield, Ms. Sudkamp stated that the Rapid DNA database would be accessed by certified users. Booking stations would only be able to



submit DNA samples but would not be able to access database information.

Responding to a question from Senator Webb, Secretary Tilley stated that three states have stand-alone labs.

Responding to a question from Representative Nemes, Ms. Sudkamp stated that if the DNA sample can be removed from the system and destroyed if someone's charges have been dismissed or expunged. Tampering or selling DNA is a criminal act.

Responding to a question from Senator Schickel, Ms. Sudkamp stated that the rape kit backlog has decreased to 470.

Responding to a question from Senator Carroll, Ms. Sudkamp stated that Rapid DNA testing must be done on arrest. An officer cannot take a sample without arrest and cause.

Responding to a question from Representative Brown, Ms. Sudkamp stated that other methods of identification, such as fingerprints, would be used with Rapid DNA testing in cases involving identical twins.

#### **Putative Father Registry**

Mitch Charney, an attorney with Goldbery Simpson, testified about bringing a putative father registry to Kentucky. A putative father registry is a registry that an unwed man who has fathered a child may join to protect his parental rights over a child. This would allow a man to be notified when the child is placed for foster care or adoption.

Mr. Charney stated that Indiana has a registry that would be a good model. Indiana's registry gives clarity to the rights and responsibilities for putative fathers. If a man registers, he is entitled to notice in the case of an adoption; if he does not register, he is not entitled to notice or paternity establishment, and he is barred from contesting the adoption. The registry helps protect adoptive parents who may be at risk of losing the child to the birth father later in life. A man has from the child's conception to 30 days after birth to register. There is a \$50 registration fee that is used to fund the registry. Since 1994, 16,120 men have registered. The Indiana Supreme Court has upheld the constitutionality of the registry.

Responding to a question from Senator Seum, Mr. Charney stated that if a woman identifies the birth father when she places her child up for adoption, the attorney or agency handling the adoption will notify the father.

Responding to a question from Representative Petrie, Mr. Charney stated that the Indiana statute was challenged and upheld in Indiana. He was unsure if it was challenged in federal court.

Responding to a question from Representative Burch, Mr. Charney stated that he believed it is the obligation of a man to find out if he has helped conceive a child.

Responding to a question from Representative Nemes, Mr. Charney stated that if a man is on the registry his rights are protected in Kentucky.

#### **Foster Parent Standing**

Marie Hellard, Family Court Judge, testified about foster parent standing. In Kentucky, foster parents have no legal rights relating to the children in their care. Judge Hellard spoke briefly of a family she met who led her to pursue her mission to encourage foster parent standing in Kentucky. Nineteen states have given at least some standing to foster parents.

Judge Hellard discussed the difficulties foster parents face, the children they care about, and the unfairness she believes the parents face due to having no rights over the children they are raising. If foster parents were to acquire standing, it would not be any cost to the state. She believes it would encourage more people to become foster parents, which would improve Kentucky's struggling foster system.

Responding to a question from Senator Webb, Judge Hellard stated that birth parents who are actively trying to improve their lives will not lose the rights to their children.

Due to time constraints, Mr. Ronald Ferrier was unable to speak in opposition of foster parent standing. He gave committee members a letter explaining his story and position.

#### **PremierTox Laboratory**

Steve Klipp, President of PremierTox Laboratory, testified about his company. PremierTox Laboratory is a CAP accredited independent drug testing laboratory in Russell Springs. PremierTox also operates in eight other states and plans to expand to three additional states in the near future. Mr. Klipp stated said the laboratory is known for timely results, its software, low-cost testing, and the hiring of local residents.

There being no further business, the meeting was adjourned at 12:20 PM.

## **INTERIM JOINT COMMITTEE ON EDUCATION**

### **Minutes of the 2nd Meeting of the 2017 Interim**

July 10, 2017

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

The 2nd meeting of the Interim Joint Committee on Education was held on Monday, July 10, 2017, at 1:00 PM, in Room 154 of the Capitol Annex. Senator Mike Wilson, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Mike Wilson, Co-Chair; Representative John Carney, Co-Chair; Senators Julie Raque Adams, Danny Carroll, Jimmy Higdon, Alice Forgry Kerr, Gerald A.

Neal, Reginald Thomas, Johnny Ray Turner and Stephen West; Representatives Danny Bentley, Regina Bunch, Jim DeCesare, Mark Hart, Mary Lou Marzian, Charles Miller, Phil Moffett, Kimberly Poore Moser, Rick G. Nelson, Melinda Gibbons Prunty, Jody Richards, Steve Riley, Attica Scott, James Tipton, Russell Webber, and Jill York.

Guests: Stephen Pruitt, Commissioner, Kentucky Department of Education; Andre' Dulaney; Bob Rowland, KASA, KRTA; Kathy Moore, KDE; Eric Kennedy, KSBA; Abby Piper, MML&K; Barbara Hamilton, Shannon Jett, and Wanda Carter, DJJ; Phil Shepherd, KCAE; Wayne Young, KASA.

LRC Staff: Jo Carole Ellis, Janet Stevens, Joshua Collins, Yvette Perry, and Christal White.

Chairman Wilson read and presented Janet Stevens with a resolution honoring her retirement at the end of July.

### **Approval of the minutes of June 12, 2017, meeting**

Representative DeCesare made a motion to adopt the minutes of the June 12, 2017, meeting, seconded by Senator West. The motion passed by voice vote.

### **Senate Bill 1 and Kentucky's New Accountability System**

Chairman Wilson said the Every Student Succeeds Act (ESSA) was signed into law in December, 2015. The passage of Senate Bill 1 with bi-partisan, unanimous support during the 2017 Regular Session allows Kentucky to move K-12 education forward. Clear guidelines are provided for the Kentucky Board of Education (KBE) to reinvent school accountability and adjust regulations to better serve school districts. The feedback received from the Commissioner of Education, Secretary Heiner, the Governor's Office, fellow legislators, educators, Kentucky Education Association (KEA), Jefferson County Teachers Association (JCTA), Kentucky Association of School Superintendents (KASS), and the Kentucky School Board Association (KSBA) has been valuable and has instilled confidence that Senate Bill 1 successfully purges No Child Left Behind (NCLB) and effectively mirrors the ESSA. Senate Bill 1 coherently aligns K-12 academic standards, state assessments, and school accountability and will significantly increase post-secondary readiness of Kentucky's graduates, increase local decision-making, and decrease bureaucratic burdens for educators.

Stephen Pruitt, Commissioner, Kentucky Department of Education (KDE), discussed KDE's proposed regulations for Kentucky's new school accountability design and how the proposal aligns with Senate Bill 1. While progress has been made in Kentucky, Commissioner Pruitt said the development of ESSA and Senate Bill 1

creates an avenue to take Kentucky to the next level. With the work continuing for a year and a half and over 400 people serving on different committees, multiple shareholders had a hand in the development of the accountability system. Dr. Pruitt referred to the KDE/ESSA webpage at [www.education.ky.gov](http://www.education.ky.gov) for detailed information.

Kentucky's focus is to insure that students have skills and knowledge necessary to pursue their passion, whether a student goes directly to the workforce or into post-secondary education. The system addresses the achievement gap and is designed to promote and hold schools and districts accountable for student achievement, without placing undue burden on the districts or teachers but putting more focus on students. Indicators of the accountability system work together to complete an accurate synopsis for Kentucky schools and the education students receive.

Dr. Pruitt said Senate Bill 1, known as the "Let Teachers Teach Bill," as well as coherency within the accountability system is important. The proposed system keeps students at its center and overall school/district classification is determined by performance on proficiency, growth, graduation rate, closing the achievement gap, transition readiness, and opportunity and access.

Proficiency is defined as achieving the desired level of knowledge and skills and is measured on state assessments in English/language arts (reading, writing, and editing mechanics), mathematics, science, and social studies. Student performance levels will continue to be identified as novice, apprentice, proficient, and distinguished, with a target for all students to reach proficiency level or above. Points earned are based on student performance level; advanced students taking higher level tests earn more points and equal weight is given for all tested subjects. He said the system enhances the idea of a student moving forward when academically ready instead of their age or the grade level in which they should be, allowing students to prove what they know through testing.

Growth relating to elementary and middle school students will monitor a student's continuous improvement toward the goal of proficiency and beyond. Students will have an annual personal target for improvement based on individual student trajectory toward proficiency and above and will be measured on progress targeting reading and mathematics through equally weighted state assessments. English Language Development Standards (ELDS) will measure progress toward English attainment through World-Class Instructional Design and Assessment (WIDA). WIDA advances academic language development and academic achievement for children and youth who are

culturally and linguistically diverse through high quality standards, assessments, research, and professional learning for educators. The 2012 amplification of ELDS was developed with input from leaders in the field and educators in WIDA Consortium-member states. The process was formed by the latest developments in both English language research and state content standards for college and career readiness. Schools will earn credit based on whether and how much the student's performance "catches up, keeps up or moves up" toward proficiency and achievement. Catch up specifies proficiency is achieved within two years, keep up signifies student proficiency has continued, and move up designates improvement has occurred. The system, as required by ESSA and Senate Bill 1, places more emphasis toward English language through the WIDA assessment. While promoting growth, the system also allows a penalty if student regression is indicated.

Regarding the achievement gap closure, Dr. Pruitt said the overall rating for schools is geared toward a five-star rating, with the lowest rating being one star. If a significant achievement gap is noted in a particular school or district, a rating higher than three will not be allowed. A group-to-group index was added to reduce or close the disparity in performance between student groups with a goal of reducing or closing the gap by moving all students to higher levels and moving those at the lowest levels more rapidly. Students will be measured on state assessments in English, mathematics, science, and social studies, and those subjects will be equally weighted. Gap to Group compares student performance between referenced student groups and compared student groups. Gap to Proficiency is the group performance compared to the goal of 100 percent proficiency. Gap to Group and Gap to Proficiency will be reported separately but combined equally to produce an indicator score. Credit earned will be based on student performance level.

Transition Readiness measures the student's attainment of the necessary knowledge, skills, and dispositions to successfully move to the next level of education, career, or life. Once called college and career readiness, the language has changed due to observing elementary readiness for middle school and middle school readiness for high school. An elementary student must meet or exceed a benchmark on a composite score combining the student's performance on English/Language arts, mathematics, science, and social studies by the end of grade 5 whereas middle school students must meet or exceed these same requirements by the end of grade 8. High school students must have a high school diploma and meet certain requirements of having academic, technical, or military readiness. Dr. Pruitt said children should be able to follow their

passion and provided a chart of readiness criteria for each of these areas.

Opportunity and access will include providing equitable availability to research based student experiences and considering school factors impacting student success and measures beyond test scores. Points will be earned for areas of providing rich curriculum, equitable access, school quality, and social and emotional support to students. Dr. Pruitt explained in detail the required measures and the selected measures and said schools will be responsible for offering career pathways aligned to the most needed areas.

Dr. Pruitt said the overall accountability rating will be based on performance indicators and will range in five levels from very low to very high and then combined for an overall rating. All schools will have a supplemental label of gap closure or gap issues. This supplemental designation is intended to close differences in achievement between students of historically low-performing or high-performing schools. A five-star rating in the gap closure category requires a very high rating in proficiency, growth, graduation rate, opportunity and access, and significant progress in achievement gap closure. In the gap issue category, a one-star rating is very low, comprises the bottom 5 percent, and includes the comprehensive support schools.

Dr. Pruitt said KDE is working with a vendor to develop a dashboard mockup with pie charts that can be viewed as the report card, including an overall rating as well as individualized details per category. Comparisons will be available for school, district, and state rankings.

A goal by the year 2030 has been established to increase student proficiency rates significantly for all students, decrease the achievement gap of lower-performing student groups by 50 percent, increase the proportion of early learning students making significant progress toward becoming proficient in English language, and significantly increase the graduation rate for all students and each student group. Specific goals will be set for each student group and each academic area at each level. Dr. Pruitt said it is important to ensure the changes are compliant with the American Disabilities Act (ADA).

In response to Representative DeCesare's concern regarding the provider and coverage for the cost of technical readiness testing, Dr. Pruitt said Senate Bill 1 specifically addresses articulated credit and said the cost of the Kentucky Occupational Skills Standards Assessment (KOSSA) exam is covered because of a strict, articulated agreement with KDE. Representative DeCesare referred to the National Career Readiness Certification (NCRC), a more well-known and highly recognized industry certification and said the KOSSA exam is



not widely recognized or accepted by many companies. He expressed concern that KDE will cover the cost of KOSSA and other certification programs recommended through the regional Kentucky Workforce Innovation Board (KWIB), although funding appears to have been removed for NCRC testing.

Responding to a question from Representative Moffett, Dr. Pruitt said if an aggressive goal of closing the gap by 50 percent is achieved, the results will put students in the upper 70 or lower 80 percentile rating. He said when addressing the gap between proficiency and where the student is actually classified, various racial and socio-economic groups are taken into consideration. He said the goal is to push students toward proficiency but at the same time study group to group to insure all students are included.

In response to a question from Representative Moffett regarding schools who are classified as distinguished with fewer than half of the students reading at grade level, Dr. Pruitt said the new five-star rating should bring schools more in line. Regarding opportunity and access, Representative Moffett encouraged KDE to focus on academic monitoring and use social services and other groups to provide services but not make those services a conglomerate for all families and students.

Responding to a question from Representative Riley, Dr. Pruitt said a score of 50 is needed on the Armed Services Vocational Aptitude Battery (ASVAB) test to meet career readiness standards for students in the military. A 50 is equivalent to benchmarks for a college admission exam and opens up more opportunities for the student.

In response to a question from Representative Riley, Dr. Pruitt said KDE is currently writing a Request for Proposals for the college admissions exam and a full bid process will follow. Concerning on-demand testing and end-of-course testing, Dr. Pruitt said budgetary constraints play a huge part, and KDE is looking at options that may be a better indicator. Dr. Pruitt suggested the idea of a hybrid approach, where modules are included that students are able to take throughout high school and test according to the courses they complete. Representative Riley said high school students should never be given a test for accountability for which the school or district is not held accountable.

Senator Neal commended the legislature for consistent and refreshing accountability and its alignment with Kentucky Education Reform Act (KERA). Responding to a question by Senator Neal, Dr. Pruitt said KDE will need legislative support through budgetary funds and indicated many of the aspects could be expensive, such as changing the high school assessment system and

paying for industry certifications for all students. Dr. Pruitt said last year KDE covered the cost for low-income students to take an Advanced Placement exam and experienced a 25 percent increase; however, funding won't be possible next year.

Senator Neal applauded the committee and legislature for passing responsible legislation but is concerned that backing words with actions regarding the budgetary aspect have not happened historically throughout the years. Dr. Pruitt and Senator Neal agreed that if the legislature makes a commitment and raises the priority, it is highly conceivable that the goals set forth can be achieved.

Responding to a question from Representative York, Dr. Pruitt said when a district's gifted student population may appear the same, the diversity of the county may be a factor.

In response to a question from Representative Weber, Dr. Pruitt said there are legal issues involving students being drug tested and therefore it is not part of the accountability system. He said essential skills are part of the graduation requirement and may need a better definition. Dr. Pruitt said caution must be taken regarding drug testing due to the [Family Educational Rights and Privacy Act \(FERPA\) concerns and](#) unintended consequences, and drug testing would be a huge undertaking for many districts that would require a well-thought-out implementation plan.

In response to a question from Senator Higdon, Dr. Pruitt said Kentucky meets the minimum Federal requirement testing standards, with the exception of adding social studies. Senate Bill 1 produces on-demand writing in both elementary and middle school and the system will concentrate less on test scores and get back to the basics of good instruction, test preparation, and relieving the burden on teachers. He said mandating students to take additional math and reading classes is counterproductive if the student is more interested in classes such as art, science, or social studies.

Responding to a question from Senator Higdon, Dr. Pruitt said the bottom 5 percent should be identified and supported to attain a benchmark.

Representative Tipton said schools may be unaware of extenuating circumstances at a student's home and feels the DARE program should be implemented earlier than fifth grade, especially with the drug epidemic today. Dr. Pruitt said KDE will be working more closely with social and emotional health professionals, revising health standards, and looking at states with high rates of success. Dr. Pruitt said KDE is unable to force programs on schools. In his position as Chairman of the State Inter-

Agency Council (SIAC), Dr. Pruitt hopes to raise awareness and have discussions on social, emotional, and drug-prevention issues.

In response to a question by Representative Tipton, Dr. Pruitt said KDE must have a conversation encompassing K-16 regarding graduation requirements to discuss academic and technical readiness and needed changes. Universities are considering different methodologies by replacing developmental studies or remediation classes with more co-curriculum support. Dr. Pruitt said there is a need to determine if graduation requirements are appropriate, if the information is verifiable through performance, and if the passing grade in a course is accurate. The Kentucky Center for Educational and Workforce Statistics gives KDE an avenue for tracking post-high school for in-state students but privacy issues are a factor. KDE is looking for a better way of tracking kids going to college, going immediately into careers, and success rates.

Responding to a question from Representative Prunty, Dr. Pruitt said testing in math and reading occur in grades 3 through 8, science in grades 4 and 7, social studies in grades 5 and 8, and writing in grade 5 and 8. He said every test each year has reliability as to what students know and is a valid measure.

In response to Representative Prunty's question, Dr. Pruitt said because so much attention is given to test scores, science is typically taught in elementary schools only during testing years. KDE has implemented a true science assessment which includes providing training on better classroom and assessment development by teachers and introducing course tasks that measure progress but are not tied to accountability.

Responding to Senator Carroll's question, Dr. Pruitt said special needs students must be a primary focus for schools. He said they are a component of the accountability system, excluding less than 1 percent with cognitive disabilities who will be given an alternative assessment with performance levels subdivided into low and high levels as a means to measure growth. In his role as superintendent for Kentucky School for the Deaf and Kentucky School for the Blind, Dr. Pruitt said a goal is moving these groups to an accountability system and away from compliance mentality to quality mentality.

In response to Representative Bunch's question as to whether KOSSA and WorkKeys measure the same skills, Dr. Pruitt said KOSSAs are specific to the career pathway, and he is not as familiar with WorkKeys but will ask staff to compare the similarity and inform the committee. Representative Bunch is concerned if one certification is recognized by the industry

and a different certification tool is presented, it will be difficult to measure unless they are similar in content. Dr. Pruitt said KDE is working with the KWIB for clarification. He said KOSSA is mainly there for articulating credit and the industry certification specific to a pathway is the bigger piece, such as welding, carpentry, or auto mechanics. Dr. Pruitt said KDE is working through details, but the focus is giving students industry certifications when they graduate high school. Career and technical pathways are already embedded in our schools but KDE needs to determine a way to insure essential skills are offered as well. He said KDE does not want to create a new test for it, but is strongly committed to making sure essential skills are in all schools.

Chairman Wilson stated that if the NCRC is recognized as an industry certification and the WorkKeys assessment leads to NCRC, then WorkKeys should be included in the accountability system. Dr. Pruitt said he would look into the issue and provide information to the committee.

Responding to a question by Senator West, Dr. Pruitt said KDE's focus is to ensure that a diploma earned in Kentucky alleviates the need for mediation when a student reaches college level. He would like to see high school assessments restructured and a willingness to discuss innovative ideas, which could have a more predictive power than the current college admission assessments. Senator West said part of Senate Bill 1 asks KDE to come up with a measurement for school climate and school safety. Dr. Pruitt said it is included as part of the opportunity and access category. The Teaching, Empowering, Leading and Learning (TELL) survey is a good assessment for school climate and safety, but that particular tool is not currently in the accountability structure. KDE is reviewing factors that impact what makes a school safe and what makes a quality school climate, including chronic absenteeism, course offerings for all students, and effective or non-effective teachers.

Senator West said it is important to have an aggressive path to improve reading levels by third grade, as this is a building block and component for all other learning. Dr. Pruitt responded he expects legislation in the 2018 session addressing this issue and added KDE will need funding and intervention support.

In response to a question from Representative Richards, Dr. Pruitt said Kentucky history is taught in the 4<sup>th</sup> grade, and KDE is working on a revision to bring social studies standards up to date. He said Kentucky has a fascinating and robust history on which we should place more emphasis.

Responding to a question from Representative Richards, Dr. Pruitt said the postsecondary performance-based funding model passed last

year is attached to graduating in four years and places emphasis on remaining in college. He said this is where the partnership between K-12 and higher education must continue and get stronger.

Responding to a question from Representative Carney, Dr. Pruitt said Kentucky must submit its ESSA plan to the USDE by September 18, 2017, for review and approval. The plan will be sent to the Governor for his review 30 days prior to submission to the federal government. Dr. Pruitt said Senate Bill 1 basically ended Unbridled Learning. The next school year will be a period of transition, discussion will occur regarding test results that concentrate on kids and not on points, and there will be a focus on the aspects of measurements at the local level that will be submitted to KDE. He said the new system will be in place in 2019.

#### **Adjournment**

There being no further business, the meeting adjourned at 2:50 p.m.

## **INTERIM JOINT COMMITTEE ON TRANSPORTATION**

### **Minutes of the 2nd Meeting of the 2017 Interim**

July 6, 2017

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

The 2nd meeting of the Interim Joint Committee on Transportation was held on Thursday, July 6, 2017, at 10:00 AM, in Room 154 of the Capitol Annex. Representative Marie Rader, Chair, called the meeting to order, and the secretary called the roll. The minutes from the committee's June 6, 2017 meeting were approved.

Present were:

Members: Senator Ernie Harris, Co-Chair; Representative Marie Rader, Co-Chair; Senators C.B. Embry Jr., Jimmy Higdon, Gerald A. Neal, Albert Robinson, Brandon Smith, Johnny Ray Turner, and Mike Wilson; Representatives Tim Couch, Ken Fleming, Chris Fugate, Al Gentry, David Hale, Chris Harris, Toby Herald, Dennis Horlander, Kenny Imes, Dan Johnson, James Kay, Donna Mayfield, Robby Mills, Tim Moore, Rick Rand, Steve Riggs, Sal Santoro, John Sims Jr, Jim Stewart III, and Walker Thomas. Senator Dorsey Ridley attended the meeting via Go-to-meeting videoconference.

Guests: Anne Teigen, Program Principal, Transportation, National Conference of State Legislatures; Jason Siwula, Assistant State Highway Engineer, Department of Highways, Kentucky Transportation Cabinet (KYTC); Marty Frappolli, Senior Director of Knowledge Resources, The Institutes; John Mark Hack, Commissioner, Department of Vehicle Regulation, KYTC; Ann D'Angelo, Attorney, KYTC.

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

## **Autonomous Vehicle Issues**

### **National Overview of State Action**

Anne Teigen, Transportation Program Principal, National Conference of State Legislatures (NCSL), gave an overview of state actions concerning autonomous vehicles (AVs). Nineteen states and the District of Columbia have enacted autonomous vehicle legislation. Executive orders concerning AVs have been issued in Arizona, Massachusetts, Washington, and Wisconsin. Companies across the United States are testing AVs, including in states where the legislatures have not passed AV laws.

Nevada was the first state to authorize the testing and operation of AVs in 2011. The Nevada Center for Advanced Mobility initiative was established in 2016 involving the Governor's Office of Economic Development, the Nevada Department of Transportation, the Department of Motor Vehicles, and the University of Nevada-Las Vegas. In May, Nevada announced a partnership to create a statewide vehicle-to-vehicle network. In October 2016, the first autonomous vehicle restricted license was issued. Nevada requires a company to submit a permit application, a \$5 million bond, and proof that its self-driving vehicles have completed 10,000 miles of testing before they can be allowed on public state roads. During the tests, the vehicles must be supervised by people sitting in the driver and passenger seats. Approved vehicles are given a red license plate to denote that they are autonomous. In May 2016, Otto, a subsidiary of Uber, conducted a media event where a truck was driving on I-80 that did not have proper permitting, and the driver was in the back of the cab. At the time, Nevada did not have any penalties for violators. In 2017, new legislation provided for a penalty up to \$2,500 per violation. The 2017 legislation also develops laws relating to companies such as Lyft and Uber.

Ms. Teigen stated California passed autonomous vehicle legislation in 2012. The California DMV issued draft regulations in 2015 that would have required a licensed driver behind the wheel at all times in an AV. These draft regulations received a lot of backlash from the industry who argued that the regulations were onerous and they created roadblocks to innovation. In 2016, the legislature passed a bill authorizing the Contra Costa Transportation Authority to test the first fully autonomous vehicle not equipped with a steering wheel, brake pedal, accelerator, or operator, on a California road. This was the next step in integrating these AVs after they had been tested on private roads. In September 2016, the DMV issued a revised draft of regulations, and subsequently in March 2017 the state released more proposed draft regulations relating to driverless testing and deployment regulations that were loosened in



the 2015 regulations.

In 2016, Michigan passed a 4 bill package. One bill eases testing restrictions, providing that a researcher does not have to be present inside an autonomous test vehicle. However, the researcher would promptly have to take control of the vehicle remotely if necessary, or the vehicle would have to slow down or stop on its own. The second bill allows AVs to be driven on roads in the state when they are sold to the public. The third bill allows for truck platooning, which involves commercial trucks traveling closely together at electronically coordinated speeds. The fourth bill finalized the American Center for Mobility.

Ms. Teigen stated that, although Nevada, Michigan, California and Florida were at the AV legislation forefront, a number of states are now taking legislative action. Many are passing laws addressing the testing process of AVs within each state, whether on public roads or in limited facilities. At least seven states and the Washington D.C. have developed laws that address testing of AVs. States are defining a number of significant terms such as the definition of autonomous vehicles, automated driving system, and operator, in order to provide clarity. In most states that have enacted AV legislation, “operator” is defined as the person who causes the automated driving system to engage, whether or not the person is physically in the vehicle.

The industry has expressed the need for insurance to cover testing of autonomous vehicles. The typical insurance minimum requirement is \$5,000,000 for testing in California, Florida, Nevada, and New York. Michigan requires a minimum \$10,000,000 coverage. Some states make it clear that a manufacturer is not liable for damages resulting from a third party’s modification of a vehicle to make it autonomous.

Along with the development of AVs, automated technology is being addressed relating to freight transportation. This technology can allow trucks to travel in a platoon with multiple trucks traveling close together at coordinated speeds. Most states currently have laws that require a certain following distance for heavy vehicles. At least eight states have passed legislation to modify those laws to allow for truck platooning.

In 2017, 33 states considered AV legislation; 96 bills were considered. Since 2012, 41 states have considered AV legislation. NCSL now includes AVs in its 50 state bill tracking database. The governors of four states (Arizona, Massachusetts, Washington, and Wisconsin) that have not passed AV legislation have issued executive orders concerning the study, testing, and operation of AVs.

In September 2016, the National Highway

Traffic Safety Administration (NHTSA) released a Federal Automated Vehicle Policy (FAVP). The policy is the first edition, and the administration indicated they expected the policy to be updated frequently. The FAVP provides a roadmap for states, the federal government, and manufacturers. The policy provides a section which attempts to define state and federal roles in AV policy. The federal roles specified by the policy include continued development and enforcement of federal motor vehicle safety standards, federal determination for the need for vehicle recalls, and regulations regarding vehicle performance. The FAVP includes a model state policy which enumerates topics where states traditionally have regulatory authority with conventional motor vehicles, such as driver training and education, traffic laws and regulations, vehicle registration and driver licensing, insurance and liability, law enforcement and emergency response, and safety inspections.

One area of discussion surrounding AVs on various levels is preemption and determining the appropriate roles for federal, state, and local governments. Some states preempt localities from regulating AVs and their boundaries. Some entities have argued that regulations should be focused at the federal level. The FAVP policy recognizes that there are a number of areas where the authority for regulation is vested strictly within the state and local levels.

At the 2017 Legislative Summit, there will be a session on the legal landscape of autonomous vehicles. Bryant Walker Smith, a nationally recognized expert on AVs will share his insight on the existing legal framework, legislative trends, and how laws may need to change to address this technology. Legislative and industry representatives will share their perceptions on the fast-moving technological climate and requisite policy changes needed.

#### **KYTC’s AVs Working Group**

Jason Siwula, Assistant State Highway Engineer, Department of Highways, Kentucky Transportation Cabinet, testified on opportunities and challenges with AV implementation at the state level. The term self-driving vehicle is used frequently in conjunction with autonomous vehicles. He explained the 5 levels of automation for an AV. Level zero is no automation meaning the driver is in control of the vehicle at all times. A level one automation is when a vehicle can assist the driver with some elements of driving such as adaptive cruise control. A level two is partial automation which consists of a vehicle conducting some elements of driving such as speed and lane position while the driver continues to be engaged. The level three automation is conditional automation where a vehicle can perform all aspects of driving in

limited situations and can inform the driver when he/she must take control. A level four is high automation where a vehicle performs all aspects of driving under certain conditions. A level five automation is full automation where a vehicle performs all aspects of driving under any conditions and can operate with or without a driver or occupants.

Mr. Siwula stated there are numerous benefits that can be realized from the adoption of AVs including crash reductions, route planning, increased capacity of current infrastructure and reduced congestions, improved transportation access for underserved populations such as the elderly and disabled, reduced freight transport costs through related technologies such as truck platooning which can improve fuel efficiency by 5-10 percent, and increased productivity by allowing other activities to be performed instead of driving. Mr. Siwula stated according to NHTSA human factors contribute to 94 percent of crashes on the U.S. highways. If Kentucky could reduce crashes by utilizing AVs by 90 percent, there would be 753 fewer lives lost and \$16 billion less in vehicle accident costs annually.

Kentucky serves as a major junction for the nation’s freight network. U.S. freight volumes are expected to increase 40 percent by 2040. Businesses and citizens are taking notice of Kentucky’s freight and logistics leadership. It is possible that AVs will be a big portion of the future of the freight industry. In April 2017, the Lane Report recognized Amazon’s investment in Kentucky by stating that Amazon fulfills Kentucky’s goal to be the world’s logistics leader.

Mr. Siwula stated there are policy issues surrounding the use of AVs. There are states and transportation agencies that largely regulate drivers, such as driver licensing, driver training, and conditions of operation. There is also vehicle manufacturing type of regulation which is handled by the U.S. Department of Transportation, NHTSA, and the Federal Motor Carrier Safety Administration. The Federal Highway administration handles roadway regulations and working with states to create policy regarding roadways. Key concerns about AVs are striping and signage and how the vehicle will interpret them. Cybersecurity and data are also policy issues.

Mr. Siwula reiterated Ms. Teigen’s comments regarding the FAVP, and that the states will generally continue regulating the aspects of vehicle transportation that they currently regulate. The FAVP recommends that states develop clear processes and regulations for testing AVs, resolve ambiguities or problems related to liability and insurance issues, address crash investigation procedures and safety inspections, establish a system to identify AVs through registration and titling requirements, and direct

law enforcement to limit driver distractions in vehicles that are not fully automated.

Other state autonomous vehicle legislation topics have included a definition for autonomous vehicles, licensing responsibilities, authorized training, testing facilities, weather restrictions, use restrictions (both testing and in general), crash and malfunction reporting, event recording such as the use of a black box type of device, requirements for operators, and liability insurance requirements. KYTC's Autonomous Vehicle Working Group reviewed Kentucky's legislation and regulations. This review was undertaken by KYTC in partnership with the Kentucky Transportation Center and focused on the primary areas of driver definitions and requirements, equipment and vehicle regulations, licensing definitions and requirements, operational limitations, and safety equipment. A potential topic for consideration is license oversight.

Items under consideration by KYTC include defining autonomous vehicle, defining operator in the context of AVs, how to specifically enable AV testing in statute, driver licensing and registration issues, driver behaviors, and law enforcement issues. Mr. Siwula stated the cabinet plans to continue to gather information and learn from other states through the process of legislating the use of autonomous vehicles. KYTC plans to reach out to other Kentucky industries and partners to provide information to the General Assembly.

#### **Insurance Considerations and Long Term Effects**

Marty Frappolli, Senior Director of Knowledge Resources, The Institutes, The Griffith Foundation, testified about insurance considerations relating to autonomous vehicles. Mr. Frappolli stated Elon Musk of Tesla Motors is quoted as saying "governments may outlaw driving cars because it's too dangerous. You can't have a person driving a two-ton death machine." Robert Melville, Chief Designer at McLaren Automotive, also anticipates a future where human operators of vehicles are outlawed at the very least in urban areas. In contrast, Warren Buffett is still investing in traditional models of car distribution and sales. The majority of AVs and the future of vehicles in general is still guesswork. He presented a four stage level of automation, noting that the 0-5 scale used by Mr. Siwula was perfectly valid, just calibrated differently. The high end of both scales is a fully autonomous vehicle.

Mr. Frappolli stated that most traditional car manufacturers are incrementally adding semi-autonomous features to vehicles such as a self-parking car, adaptive cruise control, and lane centering. In 2012, Google was also incrementally adding self-driving features to

vehicles and testing them. The test drivers for these vehicles promised to stay engaged, but it was discovered that no matter the promise, some of the drivers did not stay engaged. He added that studies have shown that when you think the vehicle is in control, your off-road glances increase by 26 percent and you tend to stop paying attention when you do not have to. When Google recognized that people who promised to stay engaged were not, it realized this was not the way to introduce AVs, and instead halted adding autonomous features incrementally and made production of AVs fully autonomous.

Mr. Frappolli gave a brief overview of Zipcar, which is a rental, pay as you need it type of vehicle. Zipcar requires a low monthly membership fee, and then an hourly fee when you need the vehicle. The concept of Zipcar has become useful for people who reside in big cities or cannot afford to own, garage, fuel, insure, or maintain a vehicle, it is simply a car when you need it. There are also car sharing companies that are government sponsored such as Blueindy which is a service that involves electric cars that citizens pay for them when you need them, pick up the vehicle and drop it off at the charging station. As the move towards AVs occurs, companies such as Zipcar, Blueindy, Uber, and Lyft may make modern vehicles "ownerless" meaning more citizens will choose these types of transportation rather than owning their own vehicle. The Institutes uses the phrase "streaming transportation services" to describe the above modes of transportation, much like there are streaming video and music services.

Mr. Frappolli stated if AVs become the future, there are several entities that will be affected, such as police, government units relying on local taxes, car makers and insurers, car repair shops, parking garages, lawyers, home builders and remodelers, urban planners, highway engineers, doctors, hospitals, oil companies, coal companies, the electric grid, the economy, and even criminals. One thing that will be significantly impacted is the \$6.2 bill annual revenue that is collected in traffic fines. If a human operator of a vehicle is removed, it is hopeful that human error will also be removed therefore violations of traffic laws will become nearly extinct. The question is being raised as to how municipalities and police departments will replace that lost revenue as well as what will happen to highway patrol officers. Car insurance will also be greatly affected due to the use of autonomous vehicles. Car insurance is fundamentally protection against human error. In the future, liability will shift from vehicle operators to manufacturers of the vehicle. The frequency of automobile accidents will also be significantly reduced. Parking will be greatly affected by the use of ownerless vehicles. If the reduction of cars is utilized due to these types

of services, it is estimated that 6 billion square meters of parking space can be reclaimed by 2050. Medical care should also change dramatically as automobile accidents are the number 2 cause of lethal accidents in the United States. Mr. Frappolli stated that it should drop to number 9 cause of lethal accidents by 2050, according to some experts. Car accidents should become as rare as subway accidents. Automobile accidents cost over \$200 billion per year, therefore billions of dollars could be saved as well as the health and productivity which could otherwise be injured in automobile accidents.

Mr. Frappolli stated there are regulatory concerns with the use of autonomous vehicles, such as hacked cars which would enable getaway cars with no driver and the use of hacked driverless cars as weapons. There is also a regulatory concern of distracted operators due to incrementally adding autonomous features where some drivers may not think they are driving as they are in higher level vehicles, but they actually are. Therefore, the drivers become distracted.

Mr. Frappolli stated if neighboring states have different laws about autonomous cars, and one state requires a driver for a fully AV, and a neighboring state does not, that is going to impede travel from state to state. Within the realm of insurance, the possibility of a traditional insurance model will be in place and a drop in claims should occur with the use of AVs. But over time, a drop in the premium base should occur resulting in insurer solvency issues. Urban planning will also be affected as striping of roads, as well as signage will still be needed, but on a larger scale if congestion is reduced, and accidents are reduced and personal auto is safer, easier, and cheaper, Congress will need to take a look at rail projects that it is funding for transport of people and reevaluate that. Urban planners have to understand if they are thinking in terms of today's technology and capabilities, they may be planning something that could be obsolete in a few years. State, local, federal, and across state governments will ideally find standards for road marking, signal signs and widths of lanes that can facilitate travel across regions. He added if traffic congestion is reduced due to the reduction in human error, it could mean a revival of inner cities where congestion is an issue. He added that could also lead to a tremendous build-out of suburbs because commute time could become useful and productive.

Mr. Frappolli reiterated the trend from moving to ownership models of vehicles to a streaming model of vehicle usage. Much like Polaroid and Kodak were when digital photography was introduced, that many entrenched companies and even industries will



be threatened by autonomous vehicles. However, many new opportunities will be created. Streaming transportation is also a concept that could become more of a reality in the future.

In response to a question asked by Representative Fleming concerning how the gas tax will be affected if AVs and streaming transportation become more of a reality, Ms. Teigen stated that is another element to the advancement of both concepts that still needs to be studied. All the legislation that she has studied gas tax issues have not been in the forefront. Tennessee considered but did not pass a per mile gas tax structure.

In response to a question asked by Senator Embry concerning how an autonomous vehicle would respond to unpredictable circumstances such as missing a deer or black ice, Ms. Teigen stated the concerns on how the AVs will handle those circumstances are certainly valid and those questions are still unanswered.

Representative Johnson stated in his opinion a better way to approach the roll out of AVs would be to go straight to level 5 vehicles, instead of incrementally introducing autonomous features. In response to a question asked by Representative Johnson concerning the idea or testing of autonomous motorcycles, Ms. Teigen stated she has not seen the testing of autonomous motorcycles.

Senator Higdon stated that an average vehicle traveling 12,000 miles a year at 30 miles per gallon, with a gas tax at 26 cents per gallon, yields \$104 per year and less than a penny a mile. If one looks electric vehicles, it would be easy to put a user fee on them and be able to calculate what that would be.

In response to a question asked by Representative Gentry concerning air travel as autonomous, Mr. Frappolli stated drone services are becoming more prevalent, so he speculates that it is possible for planes to one day become autonomous as well. Ms. Teigen stated there has not been much data concerning autonomous air travel currently.

The committee reviewed Administrative Regulations 601 KAR 1:018 and 601 KAR 1:113 and neither were found deficient and no objections were raised.

There being no further business, Co-Chair Rader adjourned the meeting at 11:42 A.M.

## **ADMINISTRATIVE REGULATION REVIEW SUBCOMMITTEE**

### **Minutes**

June 13, 2017

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

The June meeting of the Administrative Regulation Review Subcommittee was held on Tuesday, June 13, 2017, at 1:00 PM, in Room 149 of the Capitol Annex. Representative Ken

Upchurch, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Ernie Harris, Co-Chair; Representative Ken Upchurch, Co-Chair; Senators Perry B. Clark and Alice Forgy Kerr; Representatives Jason Petrie and Tommy Turner.

Guests: John Ghaelian, Kevin Winstead, Office of the Attorney General; Steve Hart, Board of Pharmacy; Scott Majors, Board of Physical Therapy; Brian Judy, Board of Examiners of Psychology; Mary Badami, Board of Marriage and Family Therapists; Lee Alcott, John Marcus Jones, Board of Art Therapists; Derek Drury, Board of Interpreters for the Deaf and Hard of Hearing, Nicole Sargent Biddle, Board of Prosthetic and Orthotics; Amy Adkins, Elizabeth Morgan, Board of Medical Imaging and Radiation Therapy; Steve Beam, John Hast, Karen Waldrop, David Wicker, Department of Fish and Wildlife Resources; Lesly Davis, John Horne, Energy and Environment Cabinet; Ann D'Angelo, Transportation Cabinet; Duane Curry, Tim House, Steve Milby, David Startzman, Department of Housing, Buildings and Construction; Stephanie Hold, Robert Silverthorn Jr., Office Inspector General; Sherry Culp, Long Term Care Ombudsman Program; Phyllis Sosa, Department for Aging and Independent Living; Virginia Moore, Commission on Deaf and Hard of Hearing.

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

The Administrative Regulation Review Subcommittee met on Tuesday, June 13, 2017, and submits this report:

Administrative Regulations Reviewed by the Subcommittee:

OFFICE OF THE ATTORNEY GENERAL:  
Office of Consumer Protection: Division of Consumer Protection

40 KAR 2:145. Funeral planning declaration form. John Ghaelian, assistant attorney general, and Kevin Winstead, assistant attorney general, represented the division.

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

40 KAR 2:150. Cremation forms and inspections.

In response to a question by Senator Clark, Mr. Winstead stated that this administrative regulation was amended in 2016 to establish that a majority of family may authorize cremation, rather than requiring a unanimous family

decision. These amendments did not impact that authorization requirement.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO paragraph to add a statutory citation; and (2) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Sections 1 through 6 and 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.

GENERAL GOVERNMENT CABINET:  
Board of Pharmacy: Board

201 KAR 2:074. Pharmacy services in hospitals or other organized health care facilities. Steve Hart, executive director, represented the board.

A motion was made and seconded to approve the following amendments: to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Sections 1 and 4 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

Board of Physical Therapy: Board

201 KAR 22:070. Requirements for foreign-educated physical therapists. Scott Majors, executive director, represented the board.

In response to questions by Co-Chair Harris, Mr. Majors stated that this administrative regulation was being revised to correspond with the updating of standards by the Federation of State Boards of Physical Therapy, which owned the licensing examination. The federation analyzed the standards and determined that, while there was no need to revise the overall scoring system, an adjustment was needed to conform with the requirements of clinical and communication competence for foreign-educated applicants.

In response to a question by Senator Clark, Mr. Majors stated that Kentucky was striving to recruit and retain physical therapists in the midst of an aging population. Over the last twelve (12) years, Kentucky had an approximately three and nine-tenths (3.9) percent growth rate in the number of licensees. Over the last two (2) years, that rate had increased to four (4) percent. The western Kentucky physical therapy program, which had been fully functioning for approximately one (1) year, was further enhancing that growth, and Governor Bevin had signed HB 227 from the 2017 regular legislative session. HB 227, the Physical Therapy Licensure Compact, was expected to further boost growth by attracting out-of-state practitioners. Senator Clark recommended that young people consider physical therapy as a profession. Physical therapists were needed, and it was a rewarding

occupation.

A motion was made and seconded to approve the following amendments: to amend Sections 1 through 3 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

GENERAL GOVERNMENT CABINET:  
Board of Examiners of Psychology: Board

201 KAR 26:125. Health service provider designation. Brian Judy, assistant attorney general, represented the board.

Co-Chair Harris commended the board for establishing safeguards to protect vulnerable clients from unscrupulous practitioners. In response to questions by Co-Chair Harris, Mr. Judy stated that, historically, this administrative regulation essentially required for licensure a Ph.D. with at least 1,800 pre and post-doctoral hours. A health service provider designation required an additional 1,800 hours beyond the 3,600 hours for initial licensure. There had been confusion regarding if that 1,800 hours required for a health service provider designation was in addition to or separate from pre and post-doctoral hour requirements; therefore, this administrative regulation was being amended to clarify the matter. The actual hour requirements themselves were not changing.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO paragraph to correct a citation; (2) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Sections 1, 3, and 5 to comply with the drafting and formatting requirements of KRS Chapter 13A; and (3) to amend Section 1(2) to establish that a temporarily licensed psychologist or a licensed psychologist may provide concurrent supervision to graduate students while under supervision of a psychologist with a health service provider designation. Without objection, and with agreement of the agency, the amendments were approved.

201 KAR 26:130. Grievance procedure.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO paragraph to add a statutory citation; (2) to amend Section 1 to delete two (2) definitions; and (3) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Sections 1 through 3, 6, and 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.

201 KAR 26:140. Procedures for disciplinary hearings.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO paragraph to add a statutory

citation; and (2) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Sections 1 through 3 and 6 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.

201 KAR 26:145. Code of conduct.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO and STATUTORY AUTHORITY paragraphs to add statutory citations; and (2) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Sections 1 through 5, 7, and 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.

201 KAR 26:155. Licensed psychologist: application procedures and temporary license.

A motion was made and seconded to approve the following amendments: (1) to amend Sections 1, 3, 4, 5, and 6 to comply with the drafting and formatting requirements of KRS Chapter 13A; and (2) to amend Section 2 to establish: (a) a one (1) year period of temporary licensure; (b) applicant requirements during the period of temporary licensure; and (c) mini-mum examination scores for temporary licensure applicants. Without objection, and with agreement of the agency, the amendments were approved.

201 KAR 26:160. Fee schedule.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO paragraph to correct a statutory citation; (2) to amend Sections 1 and 5 to comply with the drafting and formatting requirements of KRS Chapter 13A; and (3) to amend Sections 1, 5, and 6 to clarify that all fees included in the administrative regulation shall be non-refundable. Without objection, and with agreement of the agency, the amendments were approved.

201 KAR 26:165. Inactive status.

A motion was made and seconded to approve the following amendments: (1) to amend the STATUTORY AUTHORITY paragraph to add statutory citations; 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.

201 KAR 26:171. Requirements for supervision.

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; and (2)

to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Sections 1, 3 through 10, and 12 through 16 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

201 KAR 26:175. Continuing education.

A motion was made and seconded to approve the following amendments: to amend Sections 1, 2, 4, 5, 8, and 10 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

201 KAR 26:180. Requirements for granting licensure as a psychologist by reciprocity.

A motion was made and seconded to approve the following amendments: to amend Sections 2, 3, and 6 through 8 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

201 KAR 26:185. Requirements for granting licensure as a psychologist to an applicant licensed in another state.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO paragraph to correct statutory citations; (2) to amend Section 1 to clarify procedures for determining equivalent supervised experience; (3) to amend Sections 2 and 3 to specify passing examination scores; and (4) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Sections 1 and 3 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

201 KAR 26:190. Requirements for supervised professional experience.

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

201 KAR 26:200. Education requirements for licensure as a psychologist.

A motion was made and seconded to approve the following amendments: (1) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Section 2 to comply with the drafting requirements of KRS Chapter 13A; and (2) to amend Section 3 to update the list of accrediting agencies. Without objection, and with agreement of the agency, the amendments were approved.

201 KAR 26:210. Educational requirements for licensure as a licensed psychological associate.



A motion was made and seconded to approve the following amendments: (1) to amend the STATUTORY AUTHORITY and NECESSITY, FUNCTION, AND CONFORMITY paragraphs and Sections 1 through 4 to comply with the drafting requirements of KRS Chapter 13A; and (2) to amend Section 3 to update the list of accrediting agencies. Without objection, and with agreement of the agency, the amendments were approved.

201 KAR 26:215. Nonresident status.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO paragraph to add a statutory citation; and (2) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Sections 2, 8, and 9 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

201 KAR 26:225. Renewal and reinstatement.

A motion was made and seconded to approve the following amendments: 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.

201 KAR 26:250. Employment of a psychological associate.

A motion was made and seconded to approve the following amendments: to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Sections 3 through 5 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

201 KAR 26:280. Licensed psychological associate: application procedures and temporary license.

A motion was made and seconded to approve the following amendments: (1) to amend Section 2 to establish: (a) a one (1) year period of temporary licensure; (b) applicant requirements during the period of temporary licensure; and (c) minimum examination scores for temporary licensure applicants; and (2) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Sections 1 and 3 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

201 KAR 26:290. Licensed psychological practitioner: application procedures.

A motion was made and seconded to approve the following amendments: to amend the NECESSITY, FUNCTION, AND

CONFORMITY paragraph and Sections 1 and 2 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

Board for Licensing for Marriage and Family Therapists: Board

201 KAR 32:050. Code of ethics. Mary Badami, chair, and Nicole Biddle, assistant attorney general, represented the board.

In response to a question by Representative Petrie, Ms. Badami stated that “family system” meant the client’s family members, including spouses.

In response to a question by Co-Chair Harris, Ms. Badami stated that, historically, this administrative regulation had prohibited sexual relationships with current or former clients based on national association standards. The national association revised the prohibition to two (2) years from treatment; however, the national association recently reverted to a complete prohibition. This administrative regulation was being amended commensurately because a client, even two (2) years out from treatment, may need to return to treatment. Additionally, a client – practitioner relationship was an unequal relationship from a power standpoint.

A motion was made and seconded to approve the following amendments: to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Sections 1 through 7 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

201 KAR 32:060. Continuing education requirements.

A motion was made and seconded to approve the following amendments: (1) to amend Sections 1, 3, 4, and 7 to comply with the drafting and formatting requirements of KRS Chapter 13A; (2) to amend Section 7 to clarify requirements for waivers for undue hardship; and (3) to delete Section 8 incorporating the outdated Application for Continuing Education Program Sponsor Approval because the newer Continuing Education Program Provider Approval Application to be used is incorporated in 201 KAR 32:030. Without objection, and with agreement of the agency, the amendments were approved.

Board of Licensure for Professional Art Therapists: Board

201 KAR 34:020. Fees. Lee Alcott, board member, and John Marcus Jones, assistant attorney general, represented the board.

A motion was made and seconded to approve the following amendments: (1) to amend the STATUTORY AUTHORITY paragraph to add a statutory citation; (2) to amend Section 7 to

clarify that the board examination shall apply to a license holder renewing an active license; and (3) to amend Sections 1 and 6 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.

201 KAR 34:030. Continuing education requirements.

A motion was made and seconded to approve the following amendments: (1) to amend Section 3 to: (a) cross reference the examination fee established in 201 KAR 34:020; and (b) clarify that the board examination continuing education credit shall only be granted to an active license holder renewing an active board issued license and to a board approved supervisor; (2) to amend Section 9 for clarity to include military service under the situations in which a person shall reapply for the waiver or extension if service continues beyond the period of the waiver or extension; and (3) to amend Sections 1, 3, 5, and 9 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

201 KAR 34:050. Complaint procedure.

In response to a question by Senator Clark, Mr. Jones stated that the requirement to bring an action in Franklin Circuit Court for injunctive relief, rather than in a court of geographical jurisdiction, was for consistency with similar board administrative regulations.

In response to questions by Co-Chair Harris, Mr. Jones stated that this board did not experience many complaints. The impetus behind using Franklin Circuit Court was due to the board’s small size and minimal funding. The board utilized the Attorney General’s staff for administrative needs, which would be more easily facilitated by using Franklin Circuit Court. Additionally, it would be less expensive for the board and for licensees to use Franklin Circuit Court, rather than to send staff of the Attorney General across the state. Ms. Alcott stated that the board had 196 licensees.

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

Office of Occupations and Professions: Board of Interpreters for the Deaf and Hard of Hearing: Board

201 KAR 39:001. Definitions for 201 KAR Chapter 39. Derek Drury, chair, and John Marcus Jones, assistant attorney general, represented the board. Virginia Moore, executive director,

Kentucky Commonwealth on the Deaf and Hard of Hearing, appeared in opposition to 201 KAR 39:030.

A motion was made and seconded to approve the following amendments: to amend the RELATES TO and NECESSITY, FUNCTION, AND CONFORMITY paragraphs and Section 1 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

201 KAR 39:030. Application; qualifications for licensure; and certification levels.

In response to questions by Co-Chair Harris, Mr. Drury stated that the qualifying score for the Education Interpreter Performance Assessment (EIPA) had been raised from three and five-tenths (3.5) to four (4). Kentucky licensees with less than a score of four (4), who were licensed prior to July 1, 2013, were grandfathered. Mr. Drury did not have knowledge of any applicants after July 1, 2013 who did not achieve at least a score of four (4). A temporary license was valid for five (5) years.

Ms. Moore stated that the qualifying score for the EIPA was raised from three and five – tenths (3.5) to four (4). Kentucky licensees with less than a score of four (4), who were licensed prior to July 1, 2013, were grandfathered. Eleven (11) other states still recognized the EIPA qualifying score as three and five-tenths (3.5). If applicants from those states entered Kentucky to apply for licensure, they would have to do so under a temporary license and work toward a qualifying score of four (4) for nontemporary licensure. The situation created inequality and an unfair advantage for Kentucky licensees.

In response to a question by Co-Chair Harris, Ms. Moore stated that Kentucky Commonwealth on the Deaf and Hard of Hearing requested that this administrative regulation be amended to recognize three and five-tenths (3.5) as a qualifying score for out-of-state applicants prior to 2013. Additionally, this administrative regulation should require proof of validation from “a nationally recognized interpreter organization,” rather than establishing a list of specific nationally recognized interpreter organizations. Ms. Moore requested that the board defer consideration of this administrative regulation to the July meeting of the Subcommittee in order to continue to develop amendments.

In response to a question by Co-Chair Upchurch, Mr. Drury stated that the board considered the request of the Kentucky Commonwealth on the Deaf and Hard of Hearing and did not agree to amend this administrative regulation in response to the request. The chair did not have authorization to defer consideration of this administrative regulation to the July

meeting of the Subcommittee without a vote of the full board.

Co-Chair Upchurch stated that the agency did not agree to defer; therefore, this administrative regulation would continue through the process. Stakeholders would have an opportunity to address continued concerns with the subject matter committee to which this administrative regulation would be referred.

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

201 KAR 39:050. Renewal of licenses, extension of temporary licenses and reinstatement.

A motion was made and seconded to approve the following amendments: (1) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph to correct a statutory citation; (2) to amend Section 3 to clarify what shall be submitted with a request for reinstatement of a temporary license; and (3) to amend Section 5 to revise material incorporated by reference. Without objection, and with agreement of the agency, the amendments were approved.

201 KAR 39:070. Application and qualifications for temporary licensure.

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

Board of Orthotics, Prosthetics and Pedorthics: Board

201 KAR 44:090. Requirements for licensure as an orthotist, prosthetist, orthotist prosthetist, pedorthist, or orthotic fitter on or after January 1, 2013. Nicole Biddle, assistant attorney general, represented the board.

A motion was made and seconded to approve the following amendments: to amend Section 3 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

Board of Medical Imaging and Radiation Therapy: Board

201 KAR 46:035. Practice standards, scopes of practice, and ethical standards. Amy Adkins, chair; Brian Judy, assistant attorney general; and Elizabeth Morgan, executive director, represented the board.

A motion was made and seconded to approve the following amendments: to amend Sections 2 and 4 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and

with agreement of the agency, the amendments were approved.

201 KAR 46:040. Medical imaging technologist, advanced imaging professional, radiographer, nuclear medicine technologist, and radiation therapist licenses.

A motion was made and seconded to approve the following amendments: (1) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Sections 3 and 8 through 14 to comply with the drafting and formatting requirements of KRS Chapter 13A; and (2) to add a new Section 8 to clarify the requirements for a person who applies for reinstatement following a revocation. Without objection, and with agreement of the agency, the amendments were approved.

201 KAR 46:060. Continuing education requirements.

201 KAR 46:070. Violations and enforcement.

A motion was made and seconded to approve the following amendments: to amend Section 3 to: (1) comply with the drafting requirements of KRS Chapter 13A; and (2) add the specific suspension period for performing services without a valid license. Without objection, and with agreement of the agency, the amendments were approved.

201 KAR 46:090. Complaint process and administrative hearings.

A motion was made and seconded to approve the following amendments: (1) to amend Section 5 to comply with the drafting requirements of KRS Chapter 13A; and (2) to amend Section 7 to cross reference 201 KAR 46:040 to clarify the requirements for a person who applies for reinstatement following a revocation. Without objection, and with agreement of the agency, the amendments were approved.

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

301 KAR 2:221. Waterfowl seasons and limits. John Hast, bear program coordinator; Karen Waldrop, deputy commissioner; and David Wicker, general counsel, represented the department.

In response to a question by Senator Clark, Ms. Waldrop stated that administrative regulations were amended approximately three (3) years ago, in accordance with KRS 150.175, to allow a hunter to carry a firearm during nonfirearm seasons if hunting was not conducted with the firearm.

301 KAR 2:300. Black bear seasons and requirements.

A motion was made and seconded to approve the following amendments: to amend Sections 4 through 6 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the



amendments were approved.

Hunting and Fishing

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

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

ENERGY AND ENVIRONMENT  
CABINET: Office of the Secretary:  
Administration

400 KAR 1:001. Definitions for 400 KAR Chapter 1. Lesly Davis, executive director, and John Horne, general counsel, represented the office.

A motion was made and seconded to approve the following amendments: to amend the STATUTORY AUTHORITY and NECESSITY, FUNCTION, AND CONFORMITY paragraphs and Section 1 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

400 KAR 1:031. Repeal of 400 KAR 1:030.

400 KAR 1:090. Administrative hearings practice provisions.

In response to questions by Representative Petrie, Mr. Horne stated that the cabinet's administrative hearing administrative regulations were spread out over five (5) chapters and were somewhat inconsistent. This package consolidated requirements and provided consistency. Stakeholders were not opposed to these changes. The impetus for these changes came from the cabinet, and it was unknown if other agencies were considering a similar structure. Representative Petrie endorsed the electronic filing provided for in this package.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO paragraph to add a citation; and (2) to amend Sections 3 through 8, 10 through 12, 16, 17, 20, 21, 23, and 24 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

400 KAR 1:100. General administrative hearing practice provisions relating to matters brought under KRS Chapters 146, 149, 151, 223, and 224.

A motion was made and seconded to approve the following amendments: (1) to amend Section 1 to adjust a deadline to reflect the projected effective date of this administrative regulation; and (2) to amend Sections 3 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.

Division of Air Quality: Environmental

Protection

401 KAR 100:011. Repeal of 100:010.

Department of Natural Resources: Division of Mine Reclamation and Enforcement: Sur-face Effects of Noncoal Mining

405 KAR 5:095. Administrative hearings, informal settlement conferences, and general practice provisions relating to a mineral operation.

A motion was made and seconded to approve the following amendments: (1) to amend Section 1 to cross reference most definitions; (2) to amend Sections 2 through 7 to comply with the drafting and for-matting requirements of KRS Chapter 13A; and (3) to amend Section 3 to clarify provisions regarding pleadings. Without objection, and with agreement of the agency, the amendments were approved.

General Provisions

405 KAR 7:092. Administrative hearings and assessment conferences relating to matters brought under KRS Chapter 350 relating to surface coal mining and reclamation operations, and coal exploration operations.

A motion was made and seconded to approve the following amendments: (1) to amend Section 1 to cross reference most definitions; (2) to amend Section 2 to adjust a deadline to reflect the projected effective date of this administrative regulation; (3) to amend Section 5 to clarify provisions regarding pleadings; and (4) to amend Sections 3 through 13 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 7:093. Repeal of 405 KAR 7:091.

TRANSPORTATION CABINET:  
Department of Vehicle Regulation: Division of Motor Carriers: Motor Carriers

601 KAR 1:113. Transportation Network Company. Ann D'Angelo, assistant general counsel, represented the division.

In response to a question by Senator Clark, Ms. D'Angelo stated that this administrative regulation regulated transportation network companies.

A motion was made and seconded to approve the following amendments: to amend the RELATES TO paragraph to delete incorrect and repealed statutory citations. Without objection, and with agreement of the agency, the amendments were approved.

PUBLIC PROTECTION CABINET:  
Department of Housing, Buildings and Construction: Division of Building Code Enforcement: Kentucky Building Code

815 KAR 7:120. Kentucky Building Code. Duane Curry, building director; Steve Milby, com-missioner; and David Startzman, general counsel, represented the division.

In response to questions by Co-Chair Harris, Mr. Milby stated that the current building code required a vent on dishwashers; however, newer models did not have vents and worked differently. The division was researching this issue and planned to update requirements accordingly, hopefully before the end of 2017.

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

CABINET FOR HEALTH AND FAMILY SERVICES: Office of Inspector General: Division of Healthcare: Health Services and Facilities

902 KAR 20:053. Repeal of 902 KAR 20:054. Stephanie Hold, director in the Office of the Inspector General, and Robert Silverthorne, inspector general, represented the division.

Kentucky Board of Family Health Care Providers

902 KAR 22:011. Repeal of 902 KAR 22:010 and 902 KAR 22:030.

Controlled Substances

902 KAR 55:076. Repeal of 902 KAR 55:075 and 902 KAR 55:100.

Inspector General

906 KAR 1:081. Repeal of 906 KAR 1:080.

906 KAR 1:091. Repeal of 906 KAR 1:090.

Department for Aging and Independent Living: Division of Operations and Support: Aging Services

910 KAR 1:210. Kentucky Long-Term Care Ombudsman Program. Sherry Culp, long-term care ombudsman, and Phyllis Sosa, staff assistant, represented the division.

Other Business: Co-Chair Upchurch recognized and welcomed Leadership Lake Cumberland to the Subcommittee meeting.

The following administrative regulations were deferred or removed from the June 13, 2017, Subcommittee agenda:

EDUCATION AND WORKFORCE DEVELOPMENT CABINET: Education Professional Standards Board: Teaching Certificates

16 KAR 2:020. Occupation-based career and technical education certification.

Educator Preparation

16 KAR 5:020. Standards for admission to educator preparation.

Advanced Certification and Rank

16 KAR 8:040. Ranking of occupation-based career and technical education teachers.

ENERGY AND ENVIRONMENT CABINET: Department for Environmental Protection: Division of Water: Public Water Supply

401 KAR 8:010. Definitions for 401 KAR

Chapter 8.

401 KAR 8:011. Repeal of 401 KAR 8:070, 401 KAR 8:101, 401 KAR 8:550, and 401 KAR 8:600.

401 KAR 8:020. Public and semipublic water systems; submetering; general provisions.

401 KAR 8:040. Laboratory certification.

401 KAR 8:075. Consumer confidence reports and public notification.

401 KAR 8:100. Design, construction, and approval of facilities and approval timetable for 401 KAR Chapter 8.

401 KAR 8:250. Inorganic and organic chemical sampling, analytical techniques, maximum contaminant levels, radionuclides, and secondary standards.

**EDUCATION AND WORKFORCE DEVELOPMENT CABINET:** Department for Libraries and Archives: Division of Library Services: Libraries

725 KAR 2:070. Certification renewal of public librarians.

**EDUCATION AND WORKFORCE DEVELOPMENT CABINET:** Department of Workplace Development: Office of Employment and Training: Unemployment Insurance

787 KAR 1:070. Reasonable time for protesting claim.

Employment Services

787 KAR 2:040 & E. Local workforce development area governance.

**PUBLIC PROTECTION CABINET:** Department of Insurance: Health and Life Division: Health Insurance Contracts

806 KAR 17:575. Pharmacy benefit managers.

**CABINET FOR HEALTH AND FAMILY SERVICES:** Department for Medicaid Services: Division of Policy and Operations: Medicaid Services

907 KAR 1:041E. Repeal of 907 KAR 1:018 and 907 KAR 1:019.

Payment and Services

907 KAR 3:206E. Repeal of 907 KAR 3:205.

Outpatient Pharmacy Program

907 KAR 23:001 & E. Definitions for 907 KAR Chapter 23.

Outpatient Pharmacy Program

907 KAR 23:010 & E. Outpatient pharmacy program.

907 KAR 23:020 & E. Reimbursement for outpatient drugs.

The Subcommittee adjourned at 2 p.m. until July 11, 2017, at 1 p.m.

## **CAPITAL PLANNING ADVISORY BOARD**

### **Minutes**

June 20, 2017

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

The 1st meeting of the Capital Planning

Advisory Board was held on Tuesday, June 20, 2017, at 10:00 AM, in Room 129 of the Capitol Annex. Representative Daniel Elliott, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Stan Humphries, Co-Chair; Representative Daniel Elliott, Co-Chair; Senator Whitney Westerfield, Representative DJ Johnson, Charles Byers, Carole Henderson, Stephen Knipper, William Landrum, and Mark Overstreet.

Guests: Mark Bunning, Deputy Secretary, Finance and Administration Cabinet; Chris Reece, Executive Director, Office of Finance, Tourism, Arts and Heritage Cabinet; Mark Bowman, Executive Director, Martha Workman, Deputy Executive Director, and Stacy Woodrum, Budget Director, Department of Veterans Affairs; Michael Jones, Executive Director, Colonel Steve King, Federal Facilities Maintenance Officer, and Brian Simons, Project Coordinator, Department of Military Affairs; Jessica Castenir, Deputy Executive Director, Office of Budget and Fiscal Management, Heather Stout, Executive Director, Information Technology, Terry Denny, Deputy Executive Director, Office of Support Services, Transportation Cabinet; Jeff Abshire, Fiscal Officer and Treasurer, Kentucky Infrastructure Authority; and Sandy Dunahoo, Commissioner, and Vernon Brown, Executive Director, Department for Local Government.

LRC Staff: Shawn Bowen, Julia Wang, and Jennifer Luttrell.

#### **Welcome New Members**

In January 2017, the Speaker of the House appointed two new members to the board: Representative Daniel Elliott, who will also serve as co-chair, and Representative DJ Johnson. The new members were appointed to four-year terms.

#### **Approval of Minutes**

A motion to approve the minutes of the September 20, 2016 meeting was made by Representative Johnson, seconded by Mr. Landrum, and approved by voice vote.

#### **Information Items**

Ms. Bowen discussed two information items which included a document outlining the board's tentative meeting schedule for the remainder of the year, and a document identifying state agencies that are not scheduled to testify at capital planning meetings this year. Most of the agencies not scheduled to testify are boards and commissions that do not have capital projects in their agency plans, or do not utilize state funding sources.

#### **Presentation – Commonwealth Office of Technology**

As part of the capital planning process, the Commonwealth Office of Technology (COT) is responsible for the review and evaluation of

information technology (IT) projects submitted in the agency capital plans. The evaluations were conducted over a one-week period by an eight-member review panel, with each cabinet represented. Mr. Mark D. Bunning, Deputy Secretary, Finance and Administration Cabinet, discussed the results of the review, and presented the IT project recommendations.

For the 2018-2020 biennium, agency capital plans included 25 IT projects. The COT review panel scored nine of the 25 projects as high in value (seven general fund projects and two restricted fund projects). The high value projects had a total dollar value of \$222.2 million, comprised of \$173.2 million general funds, \$38.3 million federal funds, and \$10.7 million restricted funds. The COT review panel also identified four additional projects valued at \$125 million that would enable the commonwealth to achieve its strategic IT goals. Although the projects were deemed important, these projects fell short mathematically of receiving a high value designation.

Mr. Bunning recommended that COT develop an enterprise-wide document management solution that would satisfy the needs of these projects and similar initiatives by other agencies. With the conclusion of the COT infrastructure consolidation project in the previous biennium, the evolution of enterprise technology in state government has entered a new phase, one in which significant new opportunities exist to identify cost savings opportunities through reductions in duplicative efforts and expenditures. He said as agency IT siloes are broken down, shared services will be made available, and technical solutions can be obtained in the cloud or 'off the shelf' rather than built by hand.

Mr. Bunning then discussed two IT projects that were not selected as high value projects, but were still considered important for consideration – the Department of Revenue Integrated Tax System project (\$92 million general funds) and the COT Legacy System Retirement project (\$20 million general funds). The Integrated Tax System project will integrate over 120 Department of Revenue applications that manage the state tax system. Mr. Bunning said he realized there was an attempt in the past to integrate Kentucky's various tax systems, and the project did not go as planned. He said the cabinet will focus on selecting a firm that has a proven track record of success with these kinds of projects.

In regard to the Legacy System Retirement project, Mr. Bunning said the project will focus on removing legacy systems that are no longer needed, and at the same time, will allow for the movement of historical data from replaced legacy computer applications to a modern, open system to facilitate greater interoperability.



Responding to a question from Senator Westerfield concerning the Legacy System Retirement project, Mr. Bunning said the \$20 million project scope is not sufficient to remove all the legacy systems in state government. COT has a subcommittee focused on finding duplicate or unused applications that need to be eliminated, and that process is not yet completed. He estimated that the state would save \$20 million by implementing this project.

In response to another question from Senator Westerfield, Mr. Bunning said he did not know how much it would cost if the state were to eliminate all its legacy systems at once. There are over 2,400 legacy applications in state government.

In response to a question from Representative Elliott regarding the use of cloud-based computing, Mr. Bunning said the commonwealth could save a lot of money by utilizing cloud-based computer applications. Cloud computing or “software as a service” is the practice of using a network of remote servers hosted on the Internet to store, manage and process data. With cloud-based computing, agencies would only pay for the IT services they use. There are, however, some concerns with this technology. The main concern is security because the applications are saved at another location. Additionally, certain Kentucky statutes prohibit data from being stored outside of the state.

In response to questions from Mr. Knipper, Mr. Bunning stated that the commonwealth needs to implement easier to maintain enterprise-wide business solutions that would allow executive branch agencies to share and manage data. In regard to the Legacy System Retirement project, he explained that the project will develop an enterprise-wide solution to eliminate legacy operating systems that are no longer needed. The costs associated with maintaining legacy systems are included in the agency’s operating budgets, and eliminating these systems will reduce agency operating budgets by reducing costs associated with maintaining the systems. Mr. Bunning said he was not advocating that COT manage each agency’s IT systems, but this project will develop an enterprise-wide business solution and save the state some money.

#### **Consideration of Agency Plans**

The Capital Planning Advisory Board received testimony regarding seven state agency capital plans: Tourism, Arts, and Heritage Cabinet; Finance and Administration Cabinet; Department of Veterans Affairs; Department of Military Affairs; Transportation Cabinet; Kentucky Infrastructure Authority; and the Department for Local Government. The testimony included discussion of capital construction, information technology, grant/loan programs, and equipment needs for the

period 2018-2024.

#### Tourism, Arts, and Heritage Cabinet

Chris Reece, Executive Director of Finance, presented the cabinet’s capital plan. The following agencies within the cabinet submitted capital plans: Department of Fish and Wildlife Resources, Department of Parks, Kentucky Center for the Arts, Kentucky Heritage Council/State Historic Preservation Office, Kentucky Historical Society, Kentucky Horse Park, Secretary’s Office, and the State Fair Board.

Senator Humphries asked Mr. Reece to update the board on Department of Parks’ projects associated with the “Refreshing Kentucky’s Finest” campaign. During the 2016 Session of the General Assembly, the Department of Parks received \$18 million bond funds from House Bill 10 and House Bill 303. Mr. Reece said \$11.5 million has been allocated for various parks improvement projects. The projects generated \$1.27 million in new revenue and have resulted in 8,870 more rooms at Kentucky state parks.

In response to questions from Senator Humphries about the possibility of initiating public-private partnerships (P-3) at state parks, Mr. Reece said P-3 projects have been well received so far. The department has issued a Request for Information for a P-3 project at Kentucky Dam Village for a camp ground on the peninsula of Gobbler’s Knob. Mr. Reece said the speed at which P-3 projects are initiated are based on whether the project is a safety issue.

#### Finance and Administration Cabinet

Mark Bunning, Deputy Secretary, Finance and Administration Cabinet, discussed the cabinet’s capital needs. Agencies within the cabinet submitting capital plans included the Commonwealth Office of Technology, Department for Facilities and Support Services and the Department of Revenue.

In response to a question from Senator Humphries regarding the need for potential legislation to amend project thresholds or provide additional transparency, Mr. Bunning said P-3 legislation passed in the last session of the General Assembly provided the cabinet with the flexibility it needed to initiate projects. He said he was not aware of any additional changes that need to be made.

#### Department of Veterans Affairs

Mark Bowman, Executive Director, Martha Workman, Deputy Executive Director, and Stacy Woodrum, Budget Director, Department of Veterans Affairs, discussed the department’s capital needs.

Mr. Bowman discussed the agency’s top two priorities. He said the department has decided not to pursue a third project included in its capital plan, the Thomson-Hood Veterans Center 2 Unit Renovation (\$6,740,000 general funds, priority #3).

In response to a question from Senator Humphries regarding the need for and location of additional veteran’s nursing homes in eastern and western Kentucky, Mr. Bowman stated that the agency conducted a feasibility study which will determine the need and location of additional veteran’s nursing homes. The feasibility study identified Bowling Green, Kentucky as a priority area in terms of future veteran population growth and need.

In response to another question from Senator Humphries, Mr. Bowman said the veteran’s nursing home program is a shared program, with the state and federal government each paying for a portion of the projects, the federal government pays for 65 percent of the project and the remaining 35 percent requires state matching funds. Mr. Bowman added that they do not anticipate any additional federal cost compensation for Medicaid and Medicare.

In response to a question from Representative Elliott concerning the decision to withdraw the Thompson Hood Veterans Center project, Mr. Bowman said the decision to withdraw the project will not affect the current people they provide services to. The project goal was to renovate units to a community living type model, which is required by the federal VA. He said they want to put the project on hold because there might be a better use for the \$7 million project budget.

#### Department of Military Affairs

Michael Jones, Executive Director, Colonel Steve King, Federal Facilities Maintenance Officer, and Brian Simons, Project Coordinator, Department of Military Affairs, discussed the department’s capital needs.

In response to a question from Senator Humphries regarding the Modernization Pool KY National Guard Armories project, Colonel King stated that the pool is 75 percent federally funded and 25 percent state funded. If the state receives a \$2 million general fund allocation, the federal government will provide \$6 million in matching funds.

#### Transportation Cabinet

Jessica Castenir, Deputy Executive Director, Office of Budget and Fiscal Management, Heather Stout, Executive Director, Information Technology, and Terry Denny, Deputy Executive Director, Office of Support Services, Transportation Cabinet, discussed the cabinet’s capital needs.

In response to a question from Senator Humphries regarding the Beaver Dam Service Area project on the Western Kentucky Parkway, Ms. Castenir responded that she did not know the status of the project, but she would find out and relay that information to the board.

In response to a question from Representative Elliott concerning several projects to construct

new or replacement salt storage facilities statewide, Mr. Denny stated salt is currently stored at the Louisville Caves, but it has been proposed to construct more centrally located salt storage facilities to avoid districts having to go to Louisville each time.

#### Kentucky Infrastructure Authority

Jeff Abshire, Fiscal Officer and Treasurer, discussed the authority's capital needs.

There were no questions from board members.

#### Department for Local Government

Sandy Dunahoo, Commissioner, and Vernon Brown, Executive Director, Department for Local Government, discussed the department's capital needs.

In response to questions from Senator Humphries concerning the Department for Local Government's level of involvement with FEMA's flood mapping process, Ms. Dunahoo said her office has assisted some communities that have questions about the new FEMA flood mapping process. As far as providing assistance for affected facilities in those flood zones, she explained that the Corps of Engineers pays 95 percent for flood projects, and the state pays five percent. The Department for Local Government provides matching dollars for projects funded by the U.S. Army Corps of Engineers, FEMA, and the Natural Resource Conservation Service.

Representative Elliott stated that the last two capital plans in the members' binders were for the Kentucky River Authority and the School Facilities Construction Commission. The agencies were scheduled to be on the agenda today, but because of previous commitments, the agency representatives could not attend the meeting.

#### **Other Business**

The next meeting is scheduled for July 18 at 9:30 a.m. At that meeting, the board will review agency capital plans for the postsecondary education institutions.

#### **Adjournment**

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

## **CAPITAL PROJECTS AND BOND OVERSIGHT COMMITTEE**

### **Minutes**

June 20, 2017

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

The Capital Projects and Bond Oversight Committee met on Tuesday, June 20, 2017, at 1:00 PM, in Room 131 of the Capitol Annex. Senator Stan Humphries, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Stan Humphries, Co-Chair; Representative Phil Moffett, Co-Chair; Senators Julian M. Carroll, Rick Girdler, and

Christian McDaniel; and Representatives Larry Brown, Will Coursey, and Steven Rudy.

Guests: Mr. Chris Brumett, Director of Asset Management, Kentucky Community and Technical College System; Ms. Elizabeth Baker, Planning Director, Budget Office, University of Kentucky; Mr. Scott Aubrey, Director, Division of Real Properties, Finance and Administration Cabinet; Mr. Ryan Barrow, Executive Director, Office of Financial Management; Mr. Mike Harmon, Auditor of Public Accounts; Ms. Sara Beth Gregory, Chief of Staff, Auditor of Public Accounts; Mr. Jason Rittenberry, President and CEO, Kentucky State Fair Board; Mr. Scott Cox, Chairman, Louisville Arena Authority, LLC; Mr. Mike Herrington, Attorney, Stites & Harbison, PLLC; Mr. Denis Frankenberger, a Louisville-based businessman; and Mr. Chris Gorman, Former Attorney General for the Commonwealth.

LRC Staff: Shawn Bowen, Committee Staff Administrator; Julia Wang, Legislative Analyst; and Jenny Wells Lathrem, Committee Assistant.

Senator Humphries read a resolution recognizing and honoring Representative Jim Wayne for his dedication, hard work, and many years of service to the committee. A motion was made and seconded to accept the resolution in honor of Representative Jim Wayne, and passed by unanimous voice vote.

#### **Approval of Minutes (April 18, 2017 and May 9, 2017)**

A motion was made by Representative Coursey to approve the minutes of the April 18, 2017 and the May 9, 2017 meetings. The motion was seconded by Representative Moffett and approved by voice vote.

Senator Humphries said that due to having a large presentation and discussion item on the agenda, action-only items would be presented to the members for roll call vote.

#### **Correspondence Items**

In regard to the May 9 meeting and the lack of a quorum, several correspondence items from the committee chairs and the various state entities were included in members' binders. No action was required.

#### **Information Items**

Two information items were submitted for review: follow-up correspondence from the Division of Real Properties regarding three leases held by the Office of the Attorney General; and the Bond Market Update provided by the LRC Office of Economic Analysis.

#### **Project Reports from the Universities**

Mr. Brumett reported two new leases for the Kentucky Community and Technical College System Jefferson Community and Technical College. The leases, located in Jefferson and Bullitt Counties, have an annual cost of \$399,775 and \$204,992, respectively.

A motion was made by Senator Carroll to approve lease #PR-0007 in Jefferson County, seconded by Representative Coursey, and approved by unanimous roll call vote.

A motion was made by Senator Carroll to approve lease #PR-0079 in Bullitt County, seconded by Representative Coursey, and approved by unanimous roll call vote.

Ms. Baker reported a new lease for the University of Kentucky Barnstable Brown Kentucky Diabetes and Obesity Center. The off-campus space will house clinical, support staff, and administrative leadership. The total square footage is 5,691, at a cost of \$26 per square foot, and an annual cost of \$149,389.

A motion to approve the lease was made by Senator McDaniel, seconded by Representative Brown, and was approved by unanimous roll call vote.

Ms. Baker reported an off-campus privately held lease with G.F. Vaughan Tobacco Company. The lease will provide storage space and will free up space on the university's main campus for more critical academic and educational use. The total square footage is 467,947, at a cost of .92 cents per square foot, and an annual cost of \$430,000.

In response to questions from Senator McDaniel, Ms. Baker said because the university needed such a large amount of storage space, it was able to negotiate a good deal with the lessor. The space will be used for libraries and archives storage, moveable equipment storage, and office and classroom space.

A motion to approve the lease was made by Senator Carroll, seconded by Representative Moffett, and was approved by unanimous roll call vote.

One information item was included for the University of Kentucky. The university plans to consolidate project authorities for the 2014 and 2016 Renovate/Upgrade HealthCare Facilities Project. The total combined project scope is \$430,000,000.

#### **Lease Reports from the Finance and Administration Cabinet**

Mr. Aubrey reported ten lease renewals for privately leased office space in various counties. The following leases were renewed under the same terms and conditions, the square footage cost and the annual rental rate will remain the same: Cabinet for Health and Family Services (CHFS), Franklin County, \$1,127,854 and \$116,761; CHFS, Boyd County, \$331,023; CHFS, Clark County, \$109,460; CHFS, Montgomery County, \$125,874; CHFS, Pulaski County, \$118,024; the Department for Juvenile Justice, Hardin County, \$106,619; the Department for Local Government, Franklin County, \$196,951; the Labor Cabinet, Franklin County, \$578,784; and the Office of the Attorney General, Franklin



County, \$482,563.

A motion was made by Senator Carroll to roll the ten lease renewals into one roll call vote, seconded by Representative Moffett, and approved by voice vote.

A motion was made by Senator Carroll to approve the ten lease renewals, seconded by Senator McDaniel, and approved by unanimous roll call vote.

Mr. Aubrey reported two lease renewals in Franklin County with rate increases; Auditor of Public Accounts, \$170,784 and Department of Workers Claims, \$489,767.

A motion was made by Senator Carroll to approve the lease renewal for the Auditor of Public Accounts, seconded by Senator McDaniel, and approved by unanimous roll call vote.

A motion was made by Senator Carroll to approve the lease renewal for the Department of Workers Claims, seconded by Representative Moffett, and approved by unanimous roll call vote.

Representative Moffett commented that the square footage cost for most leases brought before this committee are below the county average rental rate. In Franklin County, where state government is the largest renter of space, the rental rates are above average. In response to Representative Moffett's comments, Mr. Aubrey said that the average rates are somewhat skewed. A lot of the state leases have been in place for 20 plus years and the rates are comparative to those past rates which tend to drive the average down. Mr. Aubrey said that most of the new lease projects are \$12-\$14 per square foot.

Senator Carroll said the state plans to demolish the Capital Plaza Complex tower and construct a new state office building. In the process, there are several state leases in Franklin County that will be terminated, and many of the leaseholders are trying to extend these leases in contemplation of the demolition project. Senator Carroll commented that the lessors presently have the state over a barrel since the new state office building has not yet been built and good rental space is not available due to most of it being occupied by state government agencies. However, once the new office building is constructed, it will hold double the amount of state employees currently held in the Capital Plaza Complex tower. Additionally, Senator Carroll said that there will be a reduction of rental spaces available in Franklin County since one new state office building has already been completed and with the plan to build a new one.

#### **Project Report from the Finance and Administration Cabinet**

The Finance and Administration Cabinet has allocated \$725,000 for the Barren River Lodge Concrete and Railing Repair project. The project

is funded from the 2016-2018 bond-funded Department of Parks Life Safety Maintenance Pool. Allocations over \$600,000 from such pools are to be reported to the committee. No action was required.

#### **Report from the Office of Financial Management**

Mr. Barrow reported one new bond issue: Kentucky Housing Corporation Tax-Exempt Conduit Multifamily Housing Revenue Notes (The Guardian Court Apartments Project), Series 2017, in the amount of \$12,670,000.

A motion was made by Senator Carroll to approve the bond issue, seconded by Representative Coursey, and approved by unanimous roll call vote.

The Office of Financial Management submitted one new bond issue requiring no action by the committee: Turnpike Authority of Kentucky, Economic Development Road and Revenue Refunding Bonds (Revitalization Project), 2017 Series A and B, in the amount of \$265,000,000.

The Office of Financial Management submitted two follow-up reports for previously approved bonds: Kentucky Higher Education Student Loan Corporation Student Refunding Revenue Bonds, Senior Series 2017A (Tax-Exempt ATM Fixed Rate Bonds), in the amount of \$40,000,000; and Kentucky Economic Development Finance Authority Hospital Revenue Bonds, Series 2017A and B (Owensboro Health, Inc.), in the amount of \$472,635,000. No action was required.

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

Mr. Barrow reported four new SFCC school district bond issues for a total amount of \$44,430,000. The bond issues will finance one new school construction project, refund outstanding bonds, and complete districtwide improvements for schools in Franklin, Harlan, Campbell (Newport Independent), and Pulaski Counties. With the exception of the Newport Independent School District, no tax increase was necessary to finance the projects.

A motion was made by Senator Carroll to approve the bond issues, seconded by Senator McDaniel, and passed by unanimous roll call vote.

#### **New Local School Bond Issues with 100 Percent Locally-Funded Debt Service Participation**

Two 100 percent locally-funded school bond issues were reported for Johnson and Pulaski Counties. The bond issues total \$7,740,000, and the scope of work includes renovations to district schools and districtwide energy improvements. The bond issues did not involve a tax increase. No action was required.

#### **Report of the Auditor of Public Accounts – Audit of the Louisville Arena Authority, LLC**

In November 2016, the members of the Capital Projects and Bond Oversight Committee formally requested that the Auditor of Public Accounts perform a financial audit of the Louisville Arena Authority (LAA). The Auditor completed his report in May, and appeared before the committee to discuss the results.

Mr. Harmon said his office reviewed the 2016 financial statements of the LAA to determine its compliance with contracts. He stated that the arena's viability is a public concern because Louisville Metro Government contributions and tax increment financing (TIF) revenues represent taxpayer resources that could be directed elsewhere. The audit had one finding: the LAA and the University of Louisville Athletic Association (ULAA) were not finalizing the net annual payment by the deadline established in the lease agreement. The net annual payment was calculated as \$1,381,474 and \$1,356,528 for 2016 and 2017, respectively. Mr. Harmon said late net annual payments could lead to cash flow issues for the LAA.

Mr. Harmon noted that the LAA is not clearly defined as either a public or a private entity; was neither created by an act of the General Assembly nor codified in statute; and that 75 percent of the income used to pay debt service for bonds issued, exclusive of the \$75 million from the Commonwealth, to finance the construction of the arena is derived from taxpayer dollars. To date, about \$8 million in principal of the approximately \$350 million issued in 2008 has been repaid. Legislation passed in the prior session enables the TIF to be extended for up to another 25 years, increasing the time the TIF could be active to a total of 45 years.

Mr. Harmon offered some additional observations based on his office's review of the LAA's financial statements. He said the LAA should increase transparency and oversight. The 2006-2008 Executive Budget incorporated taxpayer protections as a condition of receipt of the \$75 million contribution from the Commonwealth; requiring the LAA to comply with the Executive Branch Ethics Code, the Model Procurement Code, and the Open Records and Meetings Acts. However, budget language with these conditions was neither renewed nor otherwise codified. Additionally, Mr. Harmon said the LAA should be a component unit of the Commonwealth and included in the Commonwealth's Comprehensive Annual Financial Report, which has been presented to the Finance and Administration Cabinet for consideration.

Mr. Harmon noted other issues including no internal staff, outsourcing of all operations, and

no reporting of some revenue generated; making oversight of arena activities challenging.

Mr. Harmon said the LAA did not fulfill a monitoring safeguard in its loan agreement with the Kentucky Economic Development Finance Authority (KEDFA), which requires meeting targeted ratios of revenues to debt service. These targeted ratios have not been met for some time, and not meeting these targets should have prompted the LAA to obtain a consulting report with recommendations on increasing revenues. However, no such report was obtained. Also, an existing contract with the management operations company was extended until 2027 without competitive bidding or independent analysis.

Mr. Harmon presented a slide presentation that included, among other things, TIF projections, Kentucky sales and use tax receipts, LAA net assets, the ULAA net position and UofL basketball revenue. Mr. Harmon noted that TIF revenues have underperformed projections due to multiple factors, including a significant recession. In 2016 TIF revenues were less than two-thirds of what was originally projected, \$5.5 million below target. When compounded over time, a lag of performance of the TIF presents significant challenges for the LAA. At the outset of this project, the LAA advisors referred to the UofL Department of Economics's analysis of historical sales tax receipts. The analysis was based on data in tax growth rates; property tax receipts dating back ten years compared to sales tax receipts, which comprise the majority of TIF payments, dating back 16 years. The 16 year time frame included 1990-1991, a year in which there was a 1 percent increase in the sales tax rate in Kentucky. By including 1990 in the calculations as a starting year, the sales tax increase, which was a onetime policy change, was factored into the projected growth rate of sales tax receipts. The numbers on the tax analysis chart for Jefferson County were estimates as sales tax receipts were not tracked by county.

The sales tax receipts projections contributed to the unrealistic expectations of the TIF performance, to the point that it was originally intended that TIF revenues would enable paying additional principal ahead of schedule. No additional principal has been paid as planned. In 2015, 100 percent of TIF revenues were used for senior debt service, and in 2016 the vast majority of TIF revenues were also applied to senior debt service. Plans also intended for \$3 million per year to go towards a renovation and replacement fund beginning in 2011 but this fund currently has a balance of \$642,700, technically the balance should be about \$18 million.

Mr. Harmon said the arena is an important venue for UofL, the City of Louisville and the Commonwealth of Kentucky. The arena

should not rely on additional taxpayer support alone to be successful. To ensure the long-term sustainability of the arena, all parties benefiting from the arena, not just the taxpayers, should formally renew their commitments to the project.

In response to questions from Representative Moffett, Mr. Harmon said his office was not able to quantify the gross dollar amount the ULAA earned from the KFC Yum! Center. Sara Beth Gregory, Chief of Staff for the Auditor of Public Accounts, added that the LAA generates income that goes directly to the ULAA and is difficult to track. Mr. Harmon said some of the revenue that does not go directly to the LAA are items such as signage inventory and courtside seats sold by the ULAA, licensing of events at the arena, market value of suites and complimentary tickets. In addition, there are donations to the Cardinal Fund generated by basketball. Mr. Harmon said this financial information was not included because it was outside the scope of the audit. He explained that the primary mission was to review the financial statements and the contracts to ensure that LAA was complying with the contract agreements.

Representative Moffett said one of the fundamental pieces of information the public deserves to know is how much the ULAA is making from the KFC Yum! Center agreement and how much the KFC Yum! Center is actually making. He expressed interest in obtaining those amounts.

In response to another question from Representative Moffett regarding the negative impact payments to be made to the Kentucky State Fair Board (KSFB), Ms. Gregory said she did not have the exact dollar amounts of the payments, but provisions were included in the 2006-2008 Executive Budget to compensate the KSFB for its loss of income due to construction of the KFC Yum! Center. Mr. Harmon said the 2016 financial audit shows that the LAA made the \$100,000 annual payment per the terms of the settlement with the KSFB.

In response to a question from Senator McDaniel, Mr. Harmon stated that if the LAA were to default on its bond payments, then UofL has the right of first refusal to purchase the arena after satisfying obligations set by the bondholders.

Senator McDaniel commented that the audit vindicated those who believed that historical tax data was manipulated in order to initiate the construction of the arena and asked for clarification of the obligations of the LAA for when the arena did not meet the contractual ratio of revenues to debt service.

Mr. Harmon explained that the ratio of revenues to debt service were consistently below the targeted 1.1 to 1 (or 110 percent of revenues) and that the required consulting

report recommending ways to increase revenues was not obtained.

Senator McDaniel noted ULAA's \$15 million increase in annual revenue after the opening of the arena. He stated that the taxpayers are being fleeced and that it was not unreasonable to expect the university to pay an additional \$2.5 million per year. He expressed his appreciation for the work of Auditor Harmon and Mr. Cox.

Auditor Harmon stated that even if the TIF had performed as projected, the largest percentage of payments would have been tax-supported and Senator McDaniel remarked that if the TIF projections were not inflated then the new arena may not have existed.

Senator Humphries thanked the Auditor for his report and invited Representative Wayne to comment. Representative Wayne thanked the Auditor for his report, and the committee for undertaking this effort. He recommended that there be ongoing oversight of the LAA by the committee, and suggested that regular reports from the LAA be submitted to the committee. He also encouraged the committee to consider formally asking the Auditor to conduct an audit of the ULAA.

Senator Humphries invited other guests to the testimony table to discuss the LAA audit. Speaking on behalf of the KSFB, Mr. Rittenberry said to his knowledge, the LAA and the KSFB have not reached an agreement on the net negative impact payments to be paid to the KSFB after moving the U of L basketball program from Freedom Hall to the KFC Yum! Center. He said there have been discussions, but no agreement has been reached. The net negative impact currently is about \$13.5 million.

Speaking on behalf of the LAA, Mr. Cox said he appreciated the invitation to speak, and he thanked the Auditor for conducting the audit. He said his only concern was that executing the audit may have affected LAA's ability to refund the arena bonds, but the audit was completed in a timely fashion.

Senator McDaniel asked Mr. Cox if there is an agreement between the LAA and the KSFB regarding the net negative reimbursement to the KSFB, and if so, what dollar amount has been repaid. Mr. Cox said the LAA has agreed to pay the KSFB \$100,000 annually for a specific amount of years (10 or 15) to compensate it for the management fee it would have earned from managing the LAA. He said the LAA's Board of Directors believes LAA does not owe anything beyond that. An Attorney General's advisory report concluded that the LAA did not owe the KSFB beyond the \$100,000 annually.

Speaking on behalf of the ULAA was Mr. Mike Herrington, an attorney with Stites & Harbison, PLLC. Mr. Herrington explained that the ULAA is a component of the university, and



he was not sure what would be accomplished by having a separate audit of the ULAA. He said he would leave that to the staff of the ULAA to respond, and make them aware that the request has been discussed.

Mr. Denis Frankenberger from Louisville, Kentucky, and former Attorney General Chris Gorman were invited to the table to speak. Referring to the original bond indenture agreement, Mr. Frankenberger said the original TIF district projections were made by the State Budget Director, and the figures were untenable. The first nine years of the TIF were projected to be 19.5 percent compounded per year, and the increase from year one 2010 to 2019 was 425 percent.

In regard to the recently completed audit of the LAA, Mr. Frankenberger said without a corresponding audit of the ULAA, the results of the audit are inconclusive. He said an audit of the ULAA would identify all streams of revenue that flow directly to it.

Mr. Frankenberger next addressed the issue of the net negative impact payment due to KSFB from the LAA. He said this payment was a contractual obligation of the LAA to be paid to KSFB. Mr. Frankenberger said the agreement reached with KSFB was a cost reimbursement rather than a management fee. Of that \$1.4 million, \$1.1 million is still outstanding and is over four years past due.

Mr. Frankenberger commented on the debt associated with the arena, noting that total public subsidies for the LAA will be about \$200 million, and with the passage of House Bill 330 by the 2017 General Assembly, the Commonwealth will spend \$1.2 billion in arena subsidies which is an average over a 38 year period of \$31.6 million per year. He said it seems like a taxpayer travesty that the ULAA makes approximately \$28 million per year net of expenses on arena related activities without any investment, and the taxpayers put in \$31.6 million per year.

Mr. Gorman said in his opinion, state and local government should not use its taxing powers for a Division I basketball program. If the Commonwealth and Jefferson County are going to give an additional \$28 million dollars a year to one of the seven athletic programs around the state, it raises the question of what is to prevent the athletic directors from the other six institutions from requesting additional funding for their athletic programs. Athletics is a business that should not be supplemented by state and local government.

Mr. Gorman addressed the lack of available dates for conventions in the KFC Yum! Center due to the UofL basketball program's use. When the KFC Yum! Center is not available for conferences and conventions due to use by the UofL Basketball program, the state misses out

on increased opportunities to bring in additional revenue.

Senator Humphries thanked the presenters and the invited guests for appearing before the committee. With there being no further business, the meeting was adjourned at 2:30 p.m.

## **EDUCATION ASSESSMENT AND ACCOUNTABILITY REVIEW SUBCOMMITTEE**

### **Minutes**

June 20, 2017

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

The meeting of the Education Assessment and Accountability Review Subcommittee (EAARS) was held on Tuesday, June 20, 2017, at 1:00 PM, in Room 129 of the Capitol Annex. Senator Mike Wilson, Co-Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Mike Wilson, Co-Chair; Representative Daniel Elliott, Co-Chair; Senators Alice Forgy Kerr and Max Wise; Representative Derrick Graham

Guests: Lisa Moore, KDE/OET; Eric Kennedy, KSBA.

LRC Staff: Joshua Collins, Yvette Perry, Janet Stephens, and Chris White.

#### **Election of Co-Chair**

Co-Chair Elliott chaired for the purpose electing the Senate co-chair. Senator Kerr nominated Senator Wilson as the Senate co-chair and Senator Wise seconded the nomination. On a motion by Senator Kerr and seconded by Senator Wise, nominations ceased and Senator Wilson was elected Senate co-chair.

Due to lack of members, the House co-chair will be elected at the next EAARS meeting in August.

#### **Approval of the minutes**

On a motion by Senator Kerr and a second by Senator Wise, minutes of the February 14, 2017, were approved and adopted by voice vote.

#### **Presentation: Office of Education Accountability 2016 Annual Report**

Senator Wilson introduced David Wickersham, Deputy Director of the Office of Education Accountability (OEA), who introduced Karen Timmell, OEA's Investigations Division Manager, and Bart Liguori, OEA's Research Division Manager, as well as the OEA administrative staff, Tammy Daniel and Angie Jones. Ms. Timmel introduced OEA's investigative staff: Bryan Jones, Shuo Han, and Brad Nelson. Mr. Liguori introduced OEA's research staff: Albert Alexander, Sabrina Olds, Deborah Nelson, Logan Rupard, Chris Riley and Graduate Fellow Student Chris Joffrion.

Mr. Wickersham discussed the findings of

the 2016 OEA Annual Report in detail. Under KRS 7.410, OEA is required to present an annual report of the status and results of the annual research. OEA is also required to provide a summary of the complete investigative activity and a written report of the findings.

Mr. Wickersham said OEA's active outreach program includes regular meetings and frequent contact with its educational partners. The outreach program is designed to ensure all inquiries receive consistent answers as provided through OEA and its educational partners. OEA conducts monthly meetings with Kentucky Department of Education (KDE) and maintains frequent contact with the Kentucky School Board Association (KSBA), Kentucky Association of School Superintendents (KASS), Kentucky Association of School Administrators (KASA) and the Educational Professional Standards Board (EPSB), as well as individuals from schools and districts. The meetings give OEA's partners the opportunity to identify common concerns and ensure those concerns are interpreted according to the laws and regulations in local districts. OEA provides an avenue for open feedback from a customer service standpoint that allows an opinion to be given on the performance of the OEA employees and that ensures all educational partners are on the same radar.

Mr. Wickersham gave an overview of the OEA's investigative duties. Under KRS 7:410, the OEA has a duty to investigate allegations involving waste, fraud, mismanagement, abuse, and any wrongdoing of any person or agency in violation of the Kentucky Education Reform Act (KERA). After gathering relevant information but prior to conclusions, the OEA will provide information to the districts regarding the allegations prior to making the final results public. The districts then have an opportunity to provide a written response. Upon determining a violation has occurred, the OEA is obligated by statute to make referrals to any agency that has the authority to take enforcement action. Mr. Wickersham said anything affecting due process goes to the executive branch.

Any state agency with knowledge of a violation of KERA also has an obligation to make a referral to OEA, which serves as the state clearinghouse for all complaints. An investigation is conducted and OEA refers the matter to the agency for action upon the conclusion of the investigation.

Mr. Wickersham said under KRS 160.345 provides anyone who has been, or believes they have been, adversely affected by a School-Based Decision Making (SBDM) matter the opportunity to file a written complaint. OEA is obligated to investigate all complaints and is required to either resolve that issue or to forward that matter on to the Kentucky Board of

Education (KBE) for action.

During the last ten years, Mr. Wickersham reported that OEA has initiated and investigated activity in almost 750 matters and closed just shy of 700 cases. Of those cases, OEA had 556 investigative matters and closed 524. OEA opened 193 SBDM specific matters and closed 173 cases.

In 2014, OEA opened 66 investigations and closed 63 cases. OEA opened 49 cases, which is around 8 percent of the total complaints received, with three hundred ninety-three of the 612 written complaints being filed anonymously. In 2015, 49 new cases were opened and 59 closed. In 48 of the closed cases, OEA identified 80 violations of law. In 11 of the closed cases, there were no findings of any violations. In 2016, a significantly higher number of 97 cases were reported, of which 56 were closed. In 41 of those cases, the OEA found 75 violations of the law. Mr. Wickersham said the initial complaint may uncover other violations which are substantiated by documentation or interviews and will be addressed during that time.

Mr. Wickersham said of the 533 written complaints (or 82 percent) the OEA had, were declined or referred and 18 percent of the complaints advanced to investigative activity. Two hundred ninety eight, or six percent, were anonymously submitted. The declined or referred complaints are not ignored but are steered to more appropriate resources that have both statutory and regulatory authority to act or investigate to reach a determination. Testing violations and special education matters are referred to KDE while discrimination issues are referred to the Kentucky Human Rights Commission or federal authorities. Criminal activity is reported to the appropriate police or investigative agencies, fiscal matters to the Auditor of Public Accounts, and open meetings and open records matters that the OEA is unable to resolve are referred to the Office of the Attorney General.

Mr. Wickersham said having 15 cases with no violations is an important part of their work as well. He said one of his greatest satisfactions is that OEA can investigate and demonstrate to the district that the law has been followed, because a complaint does not automatically mean that there has been a violation of the law.

Before taking action to begin an investigation, OEA must consider the specificity of the information received, the seriousness of the allegation, issues of proof, possible outcomes, and availability of witnesses. Mr. Wickersham said an on-line complaint form is primarily received by email; however, there are rare, occasional complaints delivered by the U.S.P.S.

Mr. Wickersham explained that upon receipt of a complaint, OEA designates the complaint as either a SBDM case or an investigative case.

Upon that determination, the OEA provides a three-day notice to districts prior to making a scheduled visit for an investigation. OEA informs the district of any witnesses the agency would like to interview while at the same time not revealing too much information regarding the specifics of the complaint. This practice reflects OEA's good faith effort to keep the district informed. OEA then interviews those individuals in the districts, with the exception of children or students. After fact finding is completed, there may be an extensive follow-up period due to the significant time the cases take to complete.

During the course of the investigation, reviews of past files will determine if previously received complaints regarding similar issues have occurred under the same district leadership. If similar issues have been previously addressed, the findings may suggest repetitive behavior in a particular area. OEA avoids matters currently in litigation or headed for litigation. The agency also declines to get involved if formal proceedings are pending.

Mr. Wickersham said the vast majority of resolutions result in recommendations for additional training. If violation of a regulation, statute or local board policy is confirmed, they are likely to be mistakes rather than an act of willful conduct or crime, since simple errors in judgement may be committed without any ill will, thought, or intent to violate the law, statute, or policy. For that reason, OEA's recommendations and resolutions to districts are structured to be rehabilitative and not punitive. OEA partners with EPSB, KSBA, and KDE to provide training to allow the district to get back on track in terms of performance of their day-to-day work. Mr. Wickersham said that it is an extremely rare case in which OEA finds that someone has willfully violated the law which warrants further action by law enforcement, the Auditor of Public Accounts, or the KBE. Most referrals that are made for action of that type are cases of egregious conduct at the district level that is either repeated over a short period of time or has been a consistent problem in the particular district for months or years.

Mr. Wickersham distinguished between preliminary and final reports regarding the complaints. OEA's statutory obligation, KRS 7.420, requires a complete and thorough preliminary report be sent to the district involved to provide an opportunity to respond to the determination of the facts, conclusion, and resolution before final action is taken. Mr. Wickersham explained that due process is based on notice of what the wrongdoing is believed to be and an opportunity to respond. He said the right to due process isn't greatly impacted by OEA's actions, because there is neither a deprivation of life, liberty, or property interest. The protections

the General Assembly has written into KRS 7.420 provide the notice and opportunity to respond that due process would require.

The vast majority of resolutions result in a recommendation for additional training. If any violation of a regulation, statute, or local board policy is confirmed, these are likely to be mistakes rather than an act of willfulness conduct or a crime. Simple errors in judgement are often committed without any ill will, thought, or intent to violate the law, statute, or policy. For that reason, OEA's recommendations and resolutions made with districts are very much structured to be rehabilitative and not punitive. OEA partners with EPSB, KSBA, and KDE to provide training to allow the district to get back on track in terms of performance of their day-to-day work. Mr. Wickersham said that it is an extremely rare case in which OEA finds that someone has willfully violated the law, which warrants further action by law enforcement, the Auditor of Public Accounts, or the KBE. Most referrals that are made for action of that type are only in the cases of egregious conduct at the district level that is typically either repeated over a short period of time or has been a consistent problem in that district over a period of months or years.

Mr. Wickersham emphasized that it is critical to remember that OEA's work is rehabilitative. OEA recognizes the hard work performed in districts daily and under extremely difficult circumstances. OEA's role is to get districts back on track. Mr. Wickersham said there is a significant difference between getting a district back on track and applying a penalty. OEA recognizes the dedication of school staff and administrators and attempts to build upon helping them improve their performance at the local level.

SBDM councils have been required in Kentucky schools since the 1990s and were a change in school governance necessitated by the Education Reform Act that gave a voice to both teachers and parents about the way the school is operated. The statute requires that SBDM councils be involved in 11 different aspects of school governance.

At most schools, the SBDM council consists of the principal, three teachers and two parents of children who attend the school. Parent representatives are elected either by the Parent-Teacher Organization (PTO) or by the largest group that has been selected for the purpose of conducting that election. The statute provides limited guidance on who conducts the teacher elections, although there are fairly clear guidance regarding parent elections. Complaints received typically allege interference with one of those processes and the resolution involves guidance. OEA must determine whether guidance is appropriate or simply a reminder about what the



statute entails.

Mr. Wickersham added that OEA also get complaints that SBDM councils have violated open meetings or open records laws pertaining to insufficient meeting notices or meetings held at inconvenient times or places. Complaints also include closed-session meetings although these meetings are permitted as long as the appropriate procedures are followed. Another frequent complaint deals with SBDM councils that fail to keep minutes or minutes that are inaccurate.

Other SBDM allegations are councils who are not approving budgets or not properly recording the approval in the minutes. Occasionally, complaints are reported regarding inappropriate policy or the absence of a policy required by the SBDM councils, such as making policies on curriculum, spending, school space usage, discipline, extra-curricular activities, alignment with standards, and the consultative role regarding hiring. Common complaints are lack of policies or policies which are out of date or lack of consultation with SBDM councils on vacancies.

The most common complaint regarding local Boards of Education are allegations of hiring interference. KRS 161.180 provides clear instructions that Board of Education members may not influence or attempt to influence the hiring of any school employee, with exceptions for superintendents, board treasurers, and board attorneys. It is possible for OEA to make referrals on an allegation of hiring interference, if substantiated, to the OAG for action. Typical allegations include a person not having the appropriate education, a conflict of interest with an incompatible office, or not residing in the district they represent. KRS 161:80 indicates that a member must live and vote in the district they serve. Occasionally OEA receives allegations that a member maintains more than one home, using one address for the purpose of attempting to serve as a board member for a particular district, when the member actually resides in another district. OEA also receives complaints regarding both direct and indirect financial conflicts, which are prohibited by KRS 161:180. If substantiated, OEA will make a referral to the AG's office.

Mr. Wickersham said that less common are complaints concerning surplus property in a local district. School buildings in rural communities have buildings that were once used but are now abandoned. If the schools no longer serve an educational purpose which is beneficial to the district's current needs, it is the obligation of the board to declare the structure as surplus property and dispose of it following local policy and law. Due to the expense of maintenance and insurance, OEA encourages districts to dispose of surplus property. Although it may be difficult from a political perspective, it is believed those

monies can better be spent on modernization of current schools in the district.

Some complaints allege that boards are failing to properly exercise financial oversight by not closely scrutinizing expenditures and providing inadequate documentation for travel expenditures. Another complaint is the board is not reviewing budgets with enough frequency to be good stewards of the public's money.

Mr. Wickersham highlighted outside activity funds as a slight concern – often involving Booster Clubs. The KDE partners with OEA on the implementation and training of accounting procedures known as “the Redbook”. KDE provides training to comply with restrictions of outside activity funds and insures the training and guidance provided is responsive to issues that are commonly seen in districts.

Mr. Wickersham listed other miscellaneous complaints that arise less frequently as incompatible/dual offices held by board members, nepotism, boundary disputes involving the residence of students, and certification of teachers. Also reported is an emergency certified person being hired when a certified person was available. OEA occasionally gets allegations regarding alternative certified teaching.

Regarding an overview of the OEA research process, the governing statute requiring that EAARS, on or before December 1<sup>st</sup> of each year, must adopt an annual research agenda for the following year. OEA's studies, research and investigations are at the discretion of the EAARS Committee. OEA prepares a suggested list of relevant topics for the committee to consider. The members then determine what OEA will study. Statutes dictate if the General Assembly mandates the study of a particular topic, the research agenda can be modified to incorporate that topic. According to Mr. Wickersham's knowledge, this has not happened previously but said the biggest difficulty for OEA would be executing such a request in a timely manner because of the time necessary to complete study on an individual topic. Any additions would require some adjustment.

Mr. Wickersham acknowledged OEA staff for a recent award to be recognized at NCSL meeting in August. OEA's publication on recess and physical education K-5 was given an award based upon it being an innovative study that was both substantive and contemporary in terms of helping informed legislative decision making.

Mr. Wickersham reported on the three studies presented in 2016:

In August, OEA presented Special Education in KY 2016 Study, an update of some earlier studies. Mr. Wickersham condensed the overall findings and recommendations in the reports he will refer to, but provided a link to the study is available on the website.

OEA's September presentation involved a review of the Safe Schools Program. The Kentucky Center for School Safety (KCSS), also available on the website.

District Data Profiles were completed in September, 2016; however, OEA has now adjusted the presentation and publication schedule to provide the information earlier in the year in an effort to better serve the members of EAARS and the members at large.

In October, OEA presented an overview of achievements gaps in Kentucky schools, which is available online as well.

Mr. Wickersham said later this year OEA will be providing the 2016 research agenda covering the topics of attendance, pre-school and half-day kindergarten, and high school indicators associated with post-secondary success.

In response to Chairman Wilson's question regarding whether violations are willful violations or simply a lack of knowledge of the regulations, Mr. Wickersham, from his perspective, said it is rarely a willful or intentional violation but more likely lack of attention to detail, training issues, or preoccupation with one particular facet of implementation of a new law and a neglect of another facet.

Ms. Timmell said that it is rarely intentional; however, the method of determining is the pervasiveness of the violations. If complaints are received about every school in the district, then it is an indication of an intention not to follow the law. However, the complaints must be an egregious type of violation for a referral to be made.

In response to Representative Graham's question, Mr. Wickersham said the greatest violation reported is failure to consult and hire with the SBDM at the school level and at the district or board level. Ms. Timmell said at the SBDM level, the majority of complaints is failure of consultation policy. At the district level, the majority of complaints regard failure to post or the position is posted for the 30-day period knowing they have pre-selected a candidate. In response to Representative Graham's question, Ms. Timmell said she believes a lack of knowledge or intentional acts. By pre-selection, Ms. Timmell said the district generally feels they have the most qualified person for the position, but may not realize they qualify for a waiver, so they simply do not ask for one.

In response to Representative Graham's question, Mr. Wickersham said new school board members with no prior exposure and inconsistency within the regular workforce may not fully understand the training. Once OEA is involved in a matter, has conducted a full investigation and required specific training, it is typically the end and no more complaints are received.

### **Presentation: 2016 District Data Profiles**

Albert Alexander presented the Kentucky District Data Profiles for School Year 2016, which won a notable documents award in 2012. The report was created in 2007 school year, however, caution should be used when comparing certain measures over the years such as graduation rate, ACT, Student Achievement, and fund balance percent and change over the years.

The changes this year are students are no longer tested with PLAN and EXPLORE assessments, allowing OEA to add two additional years of ACT 11<sup>th</sup> grade test data. In addition, two years of dual credit are now shown for comparison purposes. In the attainment section, adult GED is no longer tracked by the KDE and was replaced with retention rate.

The purpose of the profile support is to provide easy access to commonly used education data. It is intended as a quick, reliable reference for seeing how each district compares to the state as a whole and other districts with similar characteristics.

The primary source of the data is from the KDE School Report Card that is available online. Report cards provide information about each district, including test performance, teacher qualifications, student safety, and parent involvement. The data is recorded by districts in two main systems – The Student Information System – usually referred to by its vendor, Infinite Campus (IC), and MUNIS, a depository for district staffing and financial data. The profiles are organized by a data dictionary which provides data definition to the sources, followed by 173 district profiles in alphabetical order.

The report continues with one profile for Kentucky as a whole and several ranking tables, useful for comparing districts and to see where certain districts rank. The report shows an overview of staffing information, student characteristics, graduation and other attainment data, discipline data, financial data and student performance data.

The overview section of each profile confirms the number of students in terms of membership and adjusted average daily attendance as well as the number of A1 schools in the district. A1 schools, as reported in the data dictionary, are the number of schools under administrative control of a principal and eligible to establish a SBDM Council. An A1 school is not a program operated by or as part of another school. The profiles also divide demographics and membership by grade level for the current years and three previous years. Mr. Alexander said free and reduced price lunch eligibility is 60 percent for the state as a whole, an increase of two percentage points from 2013. Also noted are graduation, retentions, drop outs and disciplinary actions. This is the

first year retention rates have been included.

The staffing section includes the number of classified and certified personnel, teacher experience, rank, and salaries. The number of full time equivalence (FTE) teachers includes only classroom teachers. The section also includes state and district salary schedule by rank and years of experience. The state profile shows an average of all the district schedules. The district schedule shows the number of contract teaching days which are the number of base days the KBE has adopted to pay certified staff each year. The minimum contract days any district can have is 185, and 86 districts are at this level. The maximum days any district is allowed to have in 2016 is 188, which only one district had at this level.

The categories for student performance are Advanced Placement (AP), ACT 11<sup>th</sup> Grade, Kindergarten Readiness, Dual Credit and Next-Generation Learners. This is the second year of dual credit, which allow students to earn high school and college credit for the same course simultaneously. Next-Generation Learners score is the component of the current accountability model and includes achievement, gap, growth, college and career readiness, graduation rates and other performance information.

Finance is also in the report, which provides per pupil current expenditures and revenues. Revenues are broken down by source. It also reports tax rates and SEEK distribution. The average per pupil assessment for the state is \$393,537; however, this number does not show the range and district per pupil property assessments. The district per-pupil property assessments range from a high of \$1.3 million to a low of just above \$100,000. Page 365 of the report shows a wide range of assessment by district. The District Profile reports the number of districts with various types of taxes.

The finance sections also reports the end-of-year fund balance as well as expenditures by function as a percentage of all current expenditures. As indicated by the slide, the state as a whole in 2016, 58 percent of the current expenditures are spent on instructions and that figure has remained constant throughout the last four years.

Regarding the District Current Expenditures Report, the fund balance percentage calculation changed at the beginning of 2011-12 School Year to a 2 percent minimum fund balance.

In conclusion, OEA hopes the committee finds the District Data Profile information useful. Some parts of profiles provide four years of data but previous years can always be viewed online. The time series can be used for tracking trends such as those that affect student, staffing or finances. Trends may also show the impact of various improvement initiatives and context for

other information.

In response to Senator Wise's question, Mr. Alexander said KDE definition of homeless on the demographic profile is defined as a child who was determined under the McKinney-Vento Homeless Education Act. OEA will provide the specifics of the Act to the committee. Mr. Wickersham added that KDE added a change in the calculation regarding children who are awaiting foster care placement and has modified its guidance due to a shift in federal guidance. Before the change, the end result was an incredibly high homeless student counts in some school districts that would seem to defy logic. The revision was to disavow students waiting foster placement. Mr. Wickersham will follow up to ensure this information is correct.

In response to Mr. Wickersham's question, Senator Wilson suggested District Data Profile distribution be segmented for each person's district. Senator Wise added that he prefers having his specific counties and districts to use as well.

On a motion by Senator Wise and a second by Representative Graham, the 2016 OEA Annual Report was accepted by the committee.

On a motion by Senator Wise and a second by Representative Graham, the District Data Profile Report was accepted by the committee.

There being no further business, the meeting was adjourned at 2:00 p.m.

## **GOVERNMENT CONTRACT REVIEW COMMITTEE**

### **Committee Minutes**

July 11, 2017

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

The Government Contract Review Committee met on Tuesday, July 11, 2017, at 10:00 AM, in Room 131 of the Capitol Annex. Senator Max Wise, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Max Wise, Co-Chair; Representative Stan Lee, Co-Chair; Senators Julie Raque Adams and Paul Hornback; Representatives Chris Fugate, Dennis Horlander, and Diane St. Onge.

Guests: Tonia Wells, Lindsay Jackson, Stephanie Craycraft, Kathy Burke, Steve Veno, Mike Tuggle, Joy Hoskins, Carey Cockerell, Jason Reynolds, David Byerman, Joshua Collins, Jane Fitzpatrick, Jordan Smith, Bart Hardin, Barry Swanson, Craig Collins, Earl Gresham, Lee Guise, Kristi Putnam, Deck Decker, Jill Hunter, Tina Robbins, Linda Hampton, and Katie Morris.

LRC Staff: Kim Eisner, Jarrod Schmidt, and Kim Smith.

#### **DEFERRED ITEMS:**

WESTERN KENTUCKY UNIVERSITY:



Woodall GIS & IT Consulting; 171805. A motion was made by Representative St. Onge to defer the contract to the August 2017 meeting of the committee. Senator Raque Adams seconded the motion, which passed.

A motion was made by Senator Lee to approve Minutes of the June 2017, meeting of the committee. Senator Hornback seconded the motion, which passed without objection.

A motion was made by Senator Lee to consider as reviewed the Personal Service Contract List, with exception of those items selected for further review by members of the committee. Senator Hornback seconded the motion, which passed without objection.

A motion was made by Senator Lee 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 Hornback seconded the motion, which passed without objection.

A motion was made by Senator Lee to consider as reviewed the Memoranda of Agreement List, with exception of those items selected for further review by members of the committee. Senator Hornback seconded the motion, which passed without objection.

A motion was made by Senator Lee 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 Hornback seconded the motion, which passed without objection.

A motion was made by Senator Lee to consider as reviewed the Film Tax Incentive List, with exception of those items selected for further review by members of the committee. Senator Hornback seconded the motion, which passed without objection.

A motion was made by Senator Lee to consider as reviewed the Film Tax Incentive Amendment List, with exception of those items selected for further review by members of the committee. Senator Hornback seconded the motion, which passed without objection.

A motion was made by Senator Lee to consider as reviewed the Correction List. Senator Hornback seconded the motion, which passed without objection.

**THE FOLLOWING PERSONAL SERVICE CONTRACTS WERE REVIEWED WITHOUT OBJECTION:**

**ADMINISTRATIVE OFFICE OF THE COURTS**

Stoll Keenon Ogden PLLC, 1700002948; Steven Wright, 1700002949.

**AGRICULTURE, DEPARTMENT OF**

Miss Kentucky Scholarship Organization, Inc., 1700002481.

**ATTORNEY GENERAL, OFFICE OF THE**  
Charles J. Rickert, 1700002765.

**CABINET FOR HEALTH AND FAMILY SERVICES**

Tahira M. Bland, 1700002520.

**CORRECTIONS, DEPARTMENT OF**

American Correctional Association, 1700002445.

**EARLY CHILDHOOD ADVISORY COUNCIL**

Ghazvini Consulting Services, 1700002396.

**EASTERN KENTUCKY UNIVERSITY**

Multi, 18-148; Multi, 18-152; Multi, 18-156; Dr. Vincent J. Mullen, II, 18-175; Stoll Keenon Ogden, PLLC, 18-177.

**EDUCATION, DEPARTMENT OF**

Chenoweth Law Office, 1700002409.

**ELECTIONS, BOARD OF**

Cyberscout, LLC, 1700002140.

**FAIR BOARD**

CBRE, Inc., 1700002749.

**FINANCE AND ADMINISTRATION**

**CABINET - DIVISION OF ENGINEERING**

Ross Tarrant Architects, 1700002127; Paladin, Inc., 1700002128; Ross Tarrant Architects, Inc., 1700002129; Staggs and Fisher Consulting Engineers, Inc., 1700002742.

**FISH & WILDLIFE, DEPARTMENT OF**

Ronny Hopkins, 1700002165.

**KENTUCKY COMMUNITY & TECHNICAL COLLEGE SYSTEM**

Deaf and Hard of Hearing Interpreter, Referral and Advocacy Services, LLC, 706; Central Kentucky Interpreter Referral, Inc., 707; Interpreting Services of the Commonwealth, LLC, 708.

**KENTUCKY EMPLOYERS MUTUAL INSURANCE**

Oliver Wyman Actuarial Consulting, Inc., 17-OWC-001; Multi, 18- CLD-001; Conning, Inc., 18-CON-001; Dean Dorton Allen Ford, PLLC, 18-DDF-001; Deutsche Investment Management Americas, Inc., 18-DIM-001; McCarthy Strategic Solutions, LLC, 18-MSS-001; Oliver Wyman Actuarial Consulting, Inc., 18-OWC-001; Underwriters Safety & Claims, 18-USC-001.

**KENTUCKY LOTTERY CORPORATION**

IGT Global Solutions Corporation f/k/a GTECH Corporation, 18-10-001; TEK Systems, 18-11-040; IGT Global Solutions Corporation f/k/a GTECH Corporation, 18-15-001; Gaming Laboratories International, LLC, 18-15-028-2; Goldberg Simpson, LLC, 18-16-024-1; Pomeroy IT Solutions, Inc., 18-17-002.

**KY RACING COMMISSION**

Kentucky Equine Research, Inc., 1700001648; LGC Science, Inc., 1700001722.

**MOREHEAD STATE UNIVERSITY**

McBrayer, McGinnis, Leslie & Kirkland, 18-009; Sturgill, Turner, Barker & Moloney, PLLC,

18-011; Sturgill, Turner, Barker & Moloney, PLLC, 18-012; The Segal Company (Eastern States), Inc., 18-013; Audrey Ruiz Lambert, 18-014; VITAC Corporation, 18-016; St. Claire Regional Medical Center, 18-020.

**MURRAY STATE UNIVERSITY**

Multi, 001-18; Multi, 002-18; Multi, 003-18; Multi, 004-18; Multi, 005-18; Multi, 006-18; Multi, 007-18; Multi, 008-18; Multi, 009-18; Gene Kellogg, 011-18; Rick Walter/Boehl, Stopher and Graves, LLP, 013-18.

**NORTHERN KENTUCKY UNIVERSITY**

Isaacson Miller, Inc., 2017-204; Gifted Communications, 2017-206.

OFFICE OF THE GOVERNOR,  
DEPARTMENT FOR LOCAL GOVERNMENT  
LCF, Inc. LLC, 1700002916.

**PROPRIETARY EDUCATION, STATE BOARD FOR**

Blue & County, LLC, 1700002824.

**STATE POLICE, DEPARTMENT OF**

William C. Sutton, 1700002187; Michael A. Hatler, 1700002195; Mark Wallace, 1700002200.

**TRANSPORTATION CABINET**

Frost, Brown, Todd, LLC, 1700001791; Carl Bensinger, 1700002233; Cole and Moore PSC, 1700002234; Embry Merritt Shaffar Womack, PLLC, 1700002235; Ferreri Law Group PLLC, 1700002236; Fogle Keller Purdy PLLC, 1700002237; Fox Wood and Estill, 1700002238; Fulton & Devlin, LLC, 1700002239; Gerner & Kearns Co., PSC, 1700002240; Gess Mattingly and Atchison, 1700002241; Goldberg Simpson, LLC, 1700002242; Goodrum & Downs PLLC, 1700002244; Jason G Howell, 1700002245; Jones & Walters PLLC, 1700002246; Kerrick Bachert Stivers PSC, 1700002247; Logan & Gaines, PLLC, 1700002249; McMurry and Livingston, 1700002250; Morgan & Pottinger, P.S.C., 1700002251; Patrick Law Firm, 1700002252; Pohl & Aubrey PSC, 1700002253; Reed Weitkamp Schell and Vice, 1700002254; Reynolds Johnston Hinton and Pepper, 1700002255; Robert L. Roark, PLLC, 1700002256; Sturgill, Turner, Barker & Moloney, PLLC, 1700002257; Tooms Dunaway & Webster, 1700002258; Urban Yonts, PLLC, 1700002259; Vanantwerp Attorneys, LLP, 1700002260; Wallace Boggs PLLC, 1700002261; Whitlow Roberts Houston and Straub, 1700002262; Bertram, Cox & Miller, LLP, 1700002446; Crown Title, LLC, 1700002447; Daniels Law Office PSC, 1700002448; Embry Merritt Shaffar Womack, PLLC, 1700002449; Fox Wood Wood and Estill, 1700002450; Gerner & Kearns, PSC, 1700002451; Gess Mattingly Atchison, PSC, 1700002452; Hoffman & Barnes, 1700002453; Jason G. Howell, 1700002454; Kerrick Bachert Stivers, PSC, 1700002455; Legacy Title Company, LLC, 1700002456; Logan and Gaines, PLLC, 1700002457; McMurry

Livingston, PLLC, 1700002458; The Law Office of Kim Hunt Price, PLLC, 1700002459; Reimer Law County, 1700002460; Reynolds, Johnston, Hinton, and Pepper, LLP, 1700002461; Alicia A. Sneed, 1700002462; Greg Taylor Associates, PLLC, 1700002463; Tooms, Dunaway, and Webster, PLLC, 1700002464; Wallace Boggs, PLLC, 1700002465; Whitlow, Roberts, Houston, and Straub, PLLC, 1700002466; QK4, Inc., 1700002590; Aecom Technical Services, Inc., 1700002656; Palmer Engineering County, 1700002663; Integrated Engineering, 1700002665; T.H.E. United Corporation, 1700002688; Wanda Ballard Repasky Attorney At Law, 1700002760; Palmer Engineering Company, 1700002761; Palmer Engineering County, 1700002768; Integrated Engineering, 1700002776; Gresham Smith and Partners, 1700002781; EA Partners, PLC, 1700002782; Aecom Technical Services, Inc., 1700002795; J.M. Crawford & Associates, Inc., 1700002881; Applied Pavement Technology, Inc., 1700002892.

UNIVERSITY OF KENTUCKY

GBBN, A171200; Susan Burton, DMD, K18-112; NAMI Lexington (KY), Inc., K18-113; Danny Corales, MD, K18-114; Horn and Associates in Rehabilitation, K18-115; Cornett Integrated Marketing Solution, K18-117; New City Media, Inc., K18-118; CorVel Enterprises Comp, Inc., K18-119; Kinkead & Stiltz, PLLC, K18-120; Dinsmore & Shohl, K18-121; Barnett, Benevenuti & Butler, PLLC, K18-122; Witt Kieffer, K18-123; King & Schickli, PLLC, K18-124; Software Technology Group, Inc., K18-125; Cook Ross, Inc., K18-126; Marshall Emergency Services, K18-127; Commonwealth Anesthesia, PSC, K18-128.

UNIVERSITY OF LOUISVILLE

Underscore Branding, LLC, 17-100; Ologie, LLC, 18-015; Videobred, 18-016; Birdsall, Voss & Associates, Inc. d/b/a BVK, 18-017.

VETERANS AFFAIRS, DEPARTMENT OF

Sturgill, Turner, Barker & Moloney, PLLC, 1700002210.

WESTERN KENTUCKY UNIVERSITY

JMH Consulting, 171804; Stokes Production Services, Inc., 171807; Sodexo Management, Inc., 171808.

WORKERS CLAIMS, DEPARTMENT OF

Blue & County, LLC, 1700002711.

WORKER'S COMPENSATION FUNDING

COMMISSION

Blue & County, LLC, 1700002712; Actuarial and Technical Solutions, Inc., 1700002713.

**THE FOLLOWING PERSONAL SERVICE AMENDMENTS WERE REVIEWED WITHOUT OBJECTION:**

ADMINISTRATIVE OFFICE OF THE COURTS

Transitions, Inc., 1600001043; Stites and Harbison, 1600002387; Tad Thomas,

1600003867; Adams Stepner Woltermann and Dusing, 1600003912; Tad Thomas, 1700000454; Greenebaum Doll and McDonald, 1700001370; Landrum and Shouse, 1700002671.

AUDITOR OF PUBLIC ACCOUNTS, OFFICE OF THE

Harding Shymanski and Company, 1600003356.

DENTISTRY, BOARD OF

Brian Fingerson Rph, Inc., 1700000105; McBrayer McGinnis Leslie and Kirkland, 1700000265; Shannan M. White, 1700000982; T. Clay Mason, 1700000983.

DEPARTMENT FOR AGING & INDEPENDENT LIVING

Harrison County Circuit Court, 1600003967. DEPARTMENT FOR MEDICAID SERVICES

Aon Consulting, 1600001136.

DEPARTMENT FOR PUBLIC HEALTH

Multi, 1600002614; Multi, 1600002664; Kentucky Hospital Association, 1700001125.

DEPARTMENT OF REVENUE

RTC, Inc., 1600003624.

EASTERN KENTUCKY UNIVERSITY

Crowe Horwath, LLP, 18-115.

FINANCE AND ADMINISTRATION

CABINET

PFM Group Consulting, LLC, 1700000539.

FINANCE AND ADMINISTRATION

CABINET - DIVISION OF ENGINEERING

Stantec Consulting Services, Inc., 0800007671; URS Energy & Construction, Inc., 1300001891; Architectural Investment, 1400000003; Stantec Consulting Services, Inc., 1400000625; Clotfelter Samokar, PSC, 1500000669; Stengel Hill Architecture, Inc., 1500001000; Ross Tarrant Architects, Inc., 1500001017; Stantec Consulting Services, Inc., 1600001022; Clotfelter Samokar, PSC, 1700001117; Greg Best Consulting, Inc., 1700001729.

HIGHER EDUCATION ASSISTANCE

AUTHORITY, KENTUCKY

Mountjoy Chilton Medley, LLP, 1600003999; Actuarial Resources Corporation, 1600004004; Callan Associates, Inc., 1600004008; Cranfill, Sumner & Hartzog, LLP, 1700000814.

JUVENILE JUSTICE, DEPARTMENT OF

Center for Children's Law and Policy, Inc., 1700001140.

KENTUCKY COMMUNITY & TECHNICAL COLLEGE SYSTEM

Jobs for the Future, 670.

MILITARY AFFAIRS, DEPARTMENT OF

Dr. Abdul Kader Dahhan, MD PSC, 1600001965; Mark E. Demuth, 1600002072; Otis Edward Bailey, 1600002190; Eric F. Gray, 1600002201; Joe W. Warren, 1600002203.

MOREHEAD STATE UNIVERSITY

Michael D. Toland, 17-038; DesignWorks,

17-043; HDR Engineering, Inc., 17-045.

MURRAY STATE UNIVERSITY

Multi, 001-16; Multi, 001-17; Carrithers Law Office, PLLC, 003-15; Facility Commissioning Group, 003-16; McClain DeWees, PLLC, 003-17; Deaf & Hard of Hearing Interpreter, Referral & Advocacy Services, LLC, 006-16; Sturgill, Turner, Barker & Moloney, PLLC, 007-17; Goldberg Simpson, LLC, 012-16; Boehl, Stopher & Graves, LLP, 017-15; Peck, Shaffer & Williams, a division of Dinsmore & Shohl, LLC, 018-14; Sloan Appraisal & Realty Services, 101-16; Sirk Appraisal Company, 102-16; Trifecta Real Estate Services, 103-16; Murphy Napier & Company, 104-16; Haverstock Bell & Pittman, LLP, 106-15.

NORTHERN KENTUCKY UNIVERSITY

Multi, 2017-100; Kalil & Co., Inc., 2017-118; JMS & Associates, Inc., 2017-122; Anderson Strickler, LLC, 2017-135; KZF Design, Inc., 2017-186.

OCCUPATIONS AND PROFESSIONS

PSI Services, LLC, 1600002597-1.

PERSONNEL BOARD

Colleen Beach, 1600002104; John Ryan, 1600002660.

POST SECONDARY EDUCATION, COUNCIL ON

Fantastic Plastic Entertainment, Inc., 1700001658.

TRANSPORTATION CABINET

HMB Professional Engineers, Inc., 0700004075; H. W. Lochner Consulting, Inc., 0700006607; GRW Engineers, Inc., 0800007043; Lochner H. W. Consulting, Inc., 0800009842; Community Transportation Solutions, 0900012152; HMB Professional Engineers, Inc., 0900012535; HMB Professional Engineers, Inc., 1000000851; Palmer Engineering Company, 1100001196; HMB Professional Engineers, Inc., 1100002335; HDR Engineering, Inc., 1100002338; EA Partners, PLC, 1200000447; Cultural Resource Analysts, Inc., 1200003583; J M Crawford & Associates, Inc., 1300000071; HMB Professional Engineers, Inc., 1300000186; HMB Professional Engineers, Inc., 1300000190; Strand Associates, Inc., 1300000205; HDR Engineering, Inc., 1300001736; CDP Engineers, Inc., 1300002002; Burgess and Niple, Inc., 1300002065; EA Partners, PLC, 1300002466; HMB Professional Engineers, Inc., 1300002470; URS Corporation, 1400000710; ICA Engineering, Inc. f/k/a Florence & Hutcheson, Inc., 1400000810; Cultural Resource Analysts, Inc., 1500000058; HMB Professional Engineers, Inc., 1500000216; HDR Engineering, Inc., 1500000224; HMB Professional Engineers, Inc., 1500000232; Strand Associates, Inc., 1500000240; Stantec Consulting Services, Inc., 1500000298; Palmer Engineering County, 1500001636; HMB Professional Engineers, Inc., 1500002143; URS Corporation, 1500002149; QK4, 1500002151;



Palmer Engineering, 1500002566; Strand Associates, Inc., 1600000440; Stantec Consulting Services, Inc., 1600000478; URS Corporation, 1600000491; CDP Engineers, Inc., 1600000584; Michael Baker International, Inc., 1600000799; CDP Engineers, Inc., 1600000982; E. Clark Toleman Mai, 1600002167; Burgess and Niple, Inc., 1700000177; Michael Baker International, Inc., 1700000260; ICA Engineering, C-01063751-3.

#### UNIVERSITY OF KENTUCKY

Herald & Herald Law Office, 028; Impressions Marketing and Events, Inc., 8800002595; Moody Nolan, A141080; GBBN, A151240; De Leon & Primmer, A161140; GHD Services, Inc., K17-187; Shield Environmental Associates, Inc., K17-226.

#### UNIVERSITY OF LOUISVILLE

Brailsford & Dunlavey, Inc., 17-072; Walker Parking Consultants, Inc., 17-082.

VETERANS AFFAIRS, DEPARTMENT OF  
Med Care Pharmacy, LLC, 1700000142.

#### THE FOLLOWING MEMORANDA OF AGREEMENTS WERE REVIEWED WITHOUT OBJECTION:

#### ADMINISTRATIVE OFFICE OF THE COURTS

Bluegrass Prevention Center, 1700002922; Centerstone of Kentucky, Inc., 1700002924; Cumberland River Behavioral Health, Inc., 1700002928; Four Rivers Behavioral Health, 1700002931; Kentucky River Community Care, Inc., 1700002933; Lifeskills Corporation, 1700002935; Mountain Comp Care Center, 1700002939; Pennyroyal Mental Health, 1700002943; River Valley Behavioral Health, 1700002945; Transitions, Inc., 1700002946.

#### CORRECTIONS, DEPARTMENT OF

Boyle County Detention Center, 1700001343; Bullitt County Jailer, 1700001345; Mason County Detention Center, 1700001358; Powell County Fiscal Court, 1700001455; Chrysalis House, Inc., 1700002763.

#### CRIMINAL JUSTICE TRAINING, DEPARTMENT OF

University of Louisville, 1700001266.

#### DEPARTMENT FOR AGING & INDEPENDENT LIVING

Bluegrass.Org, 1700002619; Center for Accessible Living, 1700002620; Center for Accessible Living, 1700002621; Green River Area Development District, 1700002622; Multi, 1700002623; Multi, 1700002624; Multi, 1700002625; Multi, 1700002626; Multi, 1700002627; Multi, 1700002628; Multi, 1700002629; Multi, 1700002630; Multi, 1700002631; Multi, 1700002635; New Vista Behavioral Healthcare, Inc., 1700002637; NKCES, 1700002638; Nursing Home Ombudsman Agency of the Bluegrass, Inc., 1700002639; United Way of the Bluegrass, 1700002641.

#### DEPARTMENT FOR BEHAVIORAL HEALTH, DEVELOPMENTAL AND INTELLECTUAL DISABILITIES

Four Rivers Behavioral Health, 1700001521; Pennyroyal Mental Health Mental Retardation Board, 1700001522; Green River Regional Mental Health Mental Retardation Board, 1700001523; Lifeskills, Inc., 1700001524; Communicare, Inc., 1700001525; Centerstone of Kentucky, Inc., 1700001526; Northern Kentucky Regional Mental Health Mental Retardation Board, 1700001527; Comprehend, Inc., 1700001528; Pathways, Inc., 1700001529; Mountain Comp Care Center, 1700001530; Kentucky River Community Care, 1700001531; Cumberland River Behavioral Health, Inc., 1700001532; Lake Cumberland Mental Health Mental Retardation Board, 1700001533; Bluegrass.Org, 1700001534; Eastern Kentucky University, 1700001624; Eastern Kentucky University, 1700001718; University of Kentucky Research Foundation, 1700002350; University of Kentucky Research Foundation, 1700002738; Kentucky River Community Care, 1700002811; University of Kentucky, 1700002838; University of Kentucky Research Foundation, 1700002889.

#### DEPARTMENT FOR COMMUNITY BASED SERVICES

Comprehend, Inc., 1700002442; Pathways, Inc., 1700002510; Multi, 1700002530; Kentucky Housing Corporation, 1700002733; Community Action Kentucky, Inc., 1700002734; Eastern Kentucky University, 1700002784.

#### DEPARTMENT FOR ENVIRONMENTAL PROTECTION

UK Research Foundation, 1700001542; US Department of Interior Geological Survey, 1700002085; Community Action Kentucky, Inc., 1700002273.

#### DEPARTMENT FOR FAMILY RESOURCE CENTERS & VOLUNTEER SERVICES

Multi, 1700001799; Multi, 1700001806; Jefferson County Board of Education, 1700001808; Multi, 1700001809; Multi, 1700001812; Multi, 1700001818; Multi, 1700001826; Multi, 1700001827; Multi, 1700001828; Multi, 1700001829; Northern Kentucky Cooperative for Educational Services, Inc., 1700001836.

#### DEPARTMENT FOR PUBLIC HEALTH

KPHI, Inc., 1700002507.

#### DEPARTMENT OF ENERGY DEVELOPMENT AND INDEPENDENCE

University of Louisville Research Foundation, 1700002151; National Energy Education Development Project, 1700002433; Cedar West, Inc., 1700002434; Cedar, Inc., 1700002435.

#### DEPARTMENT OF REVENUE

Multistate Tax Commission, 1700002436.

#### ECONOMIC DEVELOPMENT - OFFICE

#### OF THE SECRETARY

Kentucky Science & Technology Corporation, 1700002710.

#### EDUCATION PROFESSIONAL STANDARDS BOARD

Lee County Board of Education, 1700001879; Spencer County Board of Education, 1700001889; Floyd County Board of Education, 1700001938; Oldham County Board of Education, 1700001941.

#### EDUCATION, DEPARTMENT OF

Clark County Board of Education, 1700001402; Covington Independent Board of Education, 1700001403; Elliott County Board of Education, 1700001404; Larue County Board of Education, 1700001405; Newport Independent School District, 1700001406; Martin County Board of Education, 1700001407; Bullitt County Board of Education, 1700001408; Grayson County Board of Education, 1700001409; Harlan County Board of Education, 1700001410; Scott County Board of Education, 1700001411; Marshall County Board of Education, 1700001412; Jefferson County Board of Education, 1700001413; Logan County Board of Education, 1700001414; Owensboro Independent School District, 1700001415; Pulaski County Board of Education, 1700001470; Fayette County Board of Education, 1700001471; Whitley County Board of Education, 1700001472; Madison County Board of Education, 1700001473; Bell County Board of Education, 1700001589; Fleming County Board of Education, 1700001591; Kentucky Educational Development Corporation, 1700001594; Jefferson County Board of Education, 1700001604; Shelby County Board of Education, 1700001608; Kentucky Educational Development Corporation, 1700001620; Jefferson County Board of Education, 1700001623; Jefferson County Board of Education, 1700001627; Jefferson County Board of Education, 1700001633; Hardin County Board of Education, 1700001636; Campbellsville Independent Board of Education, 1700001637; Campbell County Board of Education, 1700001641; Kentucky Educational Development Corporation, 1700001644; Jefferson County Board of Education, 1700001653; Jefferson County Board of Education, 1700001657; Jefferson County Board of Education, 1700001660; Marion County Board of Education, 1700001661; Jefferson County Board of Education, 1700001663; Jefferson County Board of Education, 1700001664; Kentucky Valley Education, 1700001667; Menifee County Board of Education, 1700001685; CHS Department for Public Health, 1700001716; Letcher County Board of Education, 1700001731; Boone County Board of Education, 1700001736; Frankfort Independent Board of Education, 1700001746;

Shelby County Board of Education, 1700001750; Shelby County Board of Education, 1700001752; Jefferson County Board of Education, 1700001757; Shelby County Board of Education, 1700001758; Shelby County Board of Education, 1700001761; Garrard County Board of Education, 1700001762; Jefferson County Board of Education, 1700001763; Jefferson County Board of Education, 1700001764; Wayne County Board of Education, 1700001769; Shelby County Board of Education, 1700001771; Boyd County Board of Education, 1700001779; Jessamine County Board of Education, 1700001819; Hardin County Board of Education, 1700001822; Northern Kentucky Cooperative for Educational Services, Inc., 1700001824; University of Louisville Research Foundation, 1700001845; Bethune Institute, 1700002006; Boys and Girls Club, Inc., 1700002011; Boys & Girls Club of Greater Cincinnati, 1700002012; Carroll County Board of Education, 1700002018; Fulton Independent Board of Education, 1700002037; Garrard County Board of Education, 1700002038; Grayson County Board of Education, 1700002040; Jackson Independent Board of Education, 1700002049; Lighthouse Promise, Inc., 1700002053; Lotts Creek Community School, 1700002056; Mayfield Independent Board of Education, 1700002058; Pleasant Green Baptist Church, 1700002070; Race for Education, 1700002071; Wolfe County Board of Education, 1700002083; YMCA of Greater Cincinnati, 1700002084; The Center for Education Leadership, 1700002114; Lexington Hearing and Speech Center, 1700002116; Save the Children, 1700002121; Heuser Hearing & Language Academy, Inc., 1700002125; Northern Kentucky University, 1700002130; Northern Kentucky University, 1700002131; Eastern Kentucky University, 1700002145; Northern Kentucky University, 1700002168; Murray State University, 1700002201; University of Kentucky Research Foundation, 1700002204; Murray State University, 1700002218; Kentucky School Boards Association Educational Foundation, Inc., 1700002228; Visually Impaired, 1700002231; Eastern Kentucky University, 1700002232; VSA Arts of Kentucky, 1700002248; University of Kentucky Research Foundation, 1700002264; Eastern Kentucky University, 1700002269; Northern Kentucky University, 1700002284; University of Kentucky Research Foundation, 1700002295; KET Foundation, 1700002301; Eastern Kentucky University, 1700002398; Kentucky Center for the Arts, 1700002400; Ashland Independent School District, 1700002405; Bowling Green Independent, 1700002406; Campbell County Board of Education, 1700002407; Clark County Board of Education, 1700002408; Elliott County Board of Education, 1700002410; Johnson County Board

of Education, 1700002411; Larue County Board of Education, 1700002412; Leslie County Board of Education, 1700002415; Marion County Board of Education, 1700002417; Martin County Board of Education, 1700002418; Monroe County Board of Education, 1700002421; Montgomery County Board of Education, 1700002422; Newport Independent Board of Education, 1700002423; Pendleton County Board of Education, 1700002424; Pike County Board of Education, 1700002426; Spencer County Board of Education, 1700002427; Washington County Board of Education, 1700002428; Wayne County Board of Education, 1700002429; Wolfe County Board of Education, 1700002430; Anderson County Board of Education, 1700002497; Boone County Board of Education, 1700002498; Bourbon County Board of Education, 1700002499; Breathitt County Board of Education, 1700002500; Calloway County Board of Education, 1700002502; Covington Independent Board of Education, 1700002503; Grayson County Board of Education, 1700002506; Harrison County Board of Education, 1700002508; Henry County Board of Education, 1700002509; Jackson County Board of Education, 1700002511; Knott County Board of Education, 1700002512; Letcher County Board of Education, 1700002513; Lincoln County Board of Education, 1700002515; Boyd County Board of Education, 1700002521; McCracken County Board of Education, 1700002527; Warren County Board of Education, 1700002528; Woodford County Board of Education, 1700002529; Franklin County Board of Education, 1700002532; Harlan County Board of Education, 1700002533; Hart County Board of Education, 1700002534; Meade County Board of Education, 1700002535; Nelson County Board of Education, 1700002536; Scott County Board of Education, 1700002537; Daviess County Board of Education, 1700002538; Logan County Board of Education, 1700002539; Owensboro Independent Board of Education, 1700002540; Carter County Board of Education, 1700002541; Christian County Board of Education, 1700002542; Kenton County Board of Education, 1700002545; Knox County Board of Education, 1700002546; Marshall County Board of Education, 1700002547; Shelby County Board of Education, 1700002548; Whitley County Board of Education, 1700002549; Barren County Board of Education, 1700002551; Clay County Board of Education, 1700002552; Bullitt County Board of Education, 1700002567; Madison County Board of Education, 1700002574; Jefferson County Board of Education, 1700002581; Fayette County Board of Education, 1700002588; Eastern Kentucky University, 1700002598; Anderson County Board of Education, 1700002664; University of Kentucky Research Foundation,

1700002687; Trustees of Indiana University, 1700002708; Eastern Kentucky University, 1700002715; Lincoln County Board of Education, 1700002717; Lincoln County Board of Education, 1700002718; University of Louisville Research Foundation, 1700002720; Knox County Board of Education, 1700002731; Estill County Board of Education, 1700002732; Anderson County Board of Education, 1700002769; Jefferson County Board of Education, 1700002772; Jefferson County Board of Education, 1700002774; Newport Independent Board of Education, 1700002778; Ashland Independent School District, 1700002785; Berea Independent Board of Education, 1700002786; Calloway County Board of Education, 1700002788; Simpson County Board of Education, 1700002789; Robertson County Board of Education, 1700002792; KCTCS, 1700002834; Pulaski County Board of Education, 1700002839; Nelson County Board of Education, 1700002850; Eastern Kentucky University, 1700002891.

#### INFRASTRUCTURE AUTHORITY

Mountain Water District, 1700001956.

#### JUSTICE CABINET

Project Unite, 1700002783.

JUVENILE JUSTICE, DEPARTMENT OF  
Kentucky Department of Education,  
1700002203.

#### KENTUCKY RIVER AUTHORITY

Bluegrass Water Supply Commission,  
1700002443.

MILITARY AFFAIRS, DEPARTMENT OF  
University of Kentucky Research Foundation,  
1700001373.

#### OFFICE OF THE GOVERNOR, DEPARTMENT FOR LOCAL GOVERNMENT

City of Whitesburg, 1700002526; Knott  
County Fiscal Court, 1700002799; Perry County  
Fiscal Court, 1700002817; LFUCG, 1700002929.

#### PERSONNEL-OFFICE OF THE SECRETARY

University of Kentucky, 1700002518.

#### POST SECONDARY EDUCATION, COUNCIL ON

Southern Regional Education Board,  
1700000929.

#### WESTERN KENTUCKY UNIVERSITY

KHEAA - KHEAA Verify and KHEAA  
Cohort Default Management, 2018-003.

#### WORKFORCE INVESTMENT, OFFICE OF

UK Research Foundation, 1700001835; UK  
Research Foundation, 1700001902; UK Research  
Foundation, 1700001997.

#### THE FOLLOWING MEMORANDA OF AGREEMENT AMENDMENTS WERE REVIEWED WITHOUT OBJECTION:

#### AGRICULTURE, DEPARTMENT OF

Multi, 1700001659; Multi, 1700001857;  
Multi, 1700001857.

#### COMMISSION FOR CHILDREN WITH



#### SPECIAL HEALTH CARE NEEDS

Pike County Health Department, 1600002020; Patient Services, Inc., 1600002039; University of Kentucky Research Foundation, 1600002094; University of Louisville Physicians, Inc., 1600002099.

#### DEPARTMENT FOR AGING & INDEPENDENT LIVING

Multi, 1600001202; Multi, 1600001203; Multi, 1600001204; Multi, 1600001208; Multi, 1600001210; Multi, 1600001213; United Way of the Bluegrass, 1600002314.

#### DEPARTMENT FOR BEHAVIORAL HEALTH, DEVELOPMENTAL AND INTELLECTUAL DISABILITIES

Multi, 1600000303; University of Kentucky, 1600001657; Bluegrass Regional Mental Health Mental Retardation, 1600001661; Pennyroyal Regional Mental Health Mental Retardation Board, 1600001712; Kentucky Partnership for Families and Children, Inc., 1600001718; St. Elizabeth Medical Center North, 1600001727; Hazelden Betty Ford Foundation, 1600001732; University of Kentucky Research Foundation, 1600001735; Pennyroyal Mental Health, 1600003698; Volunteers of America of Kentucky, Inc., 1700000515; St. Elizabeth Medical Center, 1700000518; Communicare, Inc., 1700000519; Arc of Kentucky, Inc., 1700001203.

#### DEPARTMENT FOR COMMUNITY BASED SERVICES

Multi, 1600001161; Bluegrass.Org, 1600001163; Centerstone of Kentucky, Inc., 1600001164; Seven Counties Services, 1600001165; Prevent Child Abuse Kentucky, 1600001309; Community Action of Southern Kentucky, Inc., 1600001312; Family and Children First, 1600001313; Family and Children First, 1600001314; Kentucky Association of Sexual Assault Programs, 1600001348; Multi, 1600001461; Housing Authority of Bowling Green, 1600001914; Northern Kentucky Area Development District, 1600001915; Kentuckianaworks, 1600001918-1; Brighton Center, Inc., 1600001919; Multi, 1600001934; Kentucky River Community Care, 1600001990; Northern Kentucky Regional Mental Health Mental Retardation Board, 1600001991; Seven Counties Services, 1600001994; Community Action Lexington-Fayette, 1600002000; Kentucky Housing Corporation, 1600002001; University of Kentucky Research Foundation, 1600002003; Kentucky State Police Headquarters, 1600002117; Consortium for Children, 1600002296; Seven Counties Services, Inc., 1600002475; Multi, 1600002561; Bluegrass. Org, 1600002629; Kentucky Coalition Against Domestic Violence, Inc., 1600002762; Seattle Jobs Initiative, 1700000604; Owl d/b/a Opportunity for Work and Learning, 1700000605; Department of Education, 1700000731.

#### DEPARTMENT FOR ENVIRONMENTAL PROTECTION

Kentucky Waterways Alliance, Inc., 1500000366; Kentucky Waterways Alliance, Inc., 1600000852.

#### DEPARTMENT FOR FAMILY RESOURCE CENTERS & VOLUNTEER SERVICES

Kentucky YMCA Youth Associates, 1600003232; Community Action Kentucky, Inc., 1700000745.

#### DEPARTMENT FOR MEDICAID SERVICES

University of Kentucky Research Foundation, 1600000805; Cabinet for Workforce Development, 1700001178; University of Massachusetts, Worcester, 1700001785.

#### DEPARTMENT FOR PUBLIC HEALTH

University of Kentucky Research Foundation, 1600001907; KPHI, Inc., 1600002008; American Cancer Society, 1600002026; Ashland Hospital Corporation d/b/a Kings Daughter Medical Center, 1600002027; Kentucky Cancerlink, Inc., 1600002028; Baptist Health Madisonville, Inc., 1600002029; University of Kentucky Research Foundation, 1600002031; Saint Joseph Berea Hospital Foundation, Inc., 1600002033; University of Kentucky Research Foundation, 1600002149; Wendell Fosters Campus, 1600002150; Eastern Kentucky University, 1600002170; Multi, 1600002222; University of Kentucky Research Foundation, 1600002280; Heartland Cares, Inc., 1600002284; Lincoln Trail Area Development District, 1600002297; Health Kentucky, 1600002298; Healthcare Education and Registration Training, 1600002299; Kentucky Department of Education School Nurse Program, 1600002504; Cancer Survivors Against Radon, Inc., 1600002549; YMCA of Central Kentucky, 1600003052-1; University of Kentucky Research Foundation, 1600003207; University of Kentucky Research Foundation, 1600003211-1; University of Kentucky Research Foundation, 1600003689; Office of Vocational Rehabilitation, 1700000415.

#### DEPARTMENT OF HOUSING, BUILDING, AND CONSTRUCTION

Eastern Kentucky University, 1700002002.

#### EARLY CHILDHOOD ADVISORY COUNCIL

Eastern Kentucky University, 1600002551.

#### EDUCATION, DEPARTMENT OF

University of Kentucky Research Foundation, 1600002749; Barren County Board of Education, 1600002829; Mayfield Independent Board of Education, 1600002851; Save the Children Appalachian Field Office, 1600002869; Garrard County Board of Education, 1600002875; Lotts Creek Community School, 1600002876; Leslie County Board of Education, 1600002903; Pleasant Green Baptist Church, 1600002915; YMCA of Greater Cincinnati, 1600002919;

Bethune Institute, 1600003005; Grayson County Board of Education, 1600003077; Pendleton County Board of Education, 1700000285; Washington County Board of Education, 1700000288; University of Kentucky Research Foundation, 1700000612; Fayette County Board of Education, 1700001035; Corbin Independent Board of Education, 1700001631; Pulaski County Board of Education, 1700001656.

#### MEDICAID SERVICES BENEFITS,

#### DEPARTMENT FOR

Kentucky Transportation Cabinet, 1600000317; University of Kentucky Research Foundation, 1600002271.

#### OFFICE OF INSPECTOR GENERAL

Office of Employment and Training, 1600002542.

#### OFFICE OF THE GOVERNOR,

#### DEPARTMENT FOR LOCAL GOVERNMENT

Lincoln County Fiscal Court, 1400002925.

#### OFFICE OF THE KENTUCKY HEALTH BENEFIT EXCHANGE

Kentucky Health Departments Association, Inc., 1600003584; Multi, 1700000740.

#### WORKFORCE INVESTMENT, OFFICE OF

Eastern Kentucky University, 1600002238; UK Research Foundation, 1600002253; UK Research Foundation, 1600003762; Options Unlimited, Inc., 1600004037; Downs Syndrome of Louisville, 1600004038; Center for Accessible Living, 1700000230; Bluegrass Area Development District, 1700000412; Bluegrass Area Development District, 1700000414.

#### THE FOLLOWING FILM TAX INCENTIVES WERE REVIEWED WITHOUT OBJECTION:

#### TOURISM DEVELOPMENT CABINET

Kelly's Filmworks Limited, 1700002745; OrganicMediaProductions1, LLC, 1700002754; The Haunted Doll Company, LLC, 1700002758; Fly Girls, LLC, 1700002771; The Haunted Doll Company, LLC, 1700002798; The Haunted Doll Company, LLC, 1700002800; Cribs, LLC, 1700002897.

#### THE FOLLOWING FILM TAX INCENTIVE AMENDMENTS WERE REVIEWED WITHOUT OBJECTION:

#### TOURISM DEVELOPMENT CABINET

American Made Heroes, LLC, 1700001561.

#### THE FOLLOWING PERSONAL SERVICE CONTRACTS WERE SELECTED FOR FURTHER REVIEW:

#### DEPARTMENT FOR AGING & INDEPENDENT LIVING

Center for Comprehensive Services, Inc., 1700002636; Neurobehavioral Resources, Ltd., 1700002640. Tonia Wells and Lindsay Jackson discussed the contracts with the committee. A motion was made by Representative St. Onge to consider the contracts as reviewed. Representative Horlander seconded the motion,

which passed.

DEPARTMENT FOR BEHAVIORAL HEALTH, DEVELOPMENTAL AND INTELLECTUAL DISABILITIES

AMS Temporaries, Inc., 1700001511; Crown Services, Inc., 1700001512; Guardian Angel Staffing Agency, 1700001513; Guardian Healthcare Providers, 1700001514; M. S. M. Solutions, 1700001515; NKY Med Clinic, 1700002714. Stephanie Craycraft, Lindsay Jackson, and Kathy Burke discussed the contracts with the committee. A motion was made by Senator Hornback to consider the contracts as reviewed. Senator Raque Adams seconded the motion, which passed.

DEPARTMENT FOR INCOME SUPPORT

Multi, 1700001971; Multi, 1700001972; Multi, 1700001973; Multi, 1700001974; Multi, 1700001975; Jefferson County Attorney, 1700001976; Multi, 1700001977; Multi, 1700001978; Multi, 1700001979; Multi, 1700001980. Steve Veno and Lindsay Jackson discussed the contracts with the committee. A motion was made by Senator Raque Adams to consider the contracts as reviewed. Representative Horlander seconded the motion, which passed.

DEPARTMENT FOR PUBLIC HEALTH

Multi, 1700001945; Multi, 1700002108; Multi, 1700002138; Multi, 1700002194; Multi, 1700002403; Multi, 1700002723. Lindsay Jackson, Mike Tuggle, and Joy Hoskins discussed the contracts with the committee. A motion was made by Representative St. Onge to consider the contracts as reviewed. Representative Fugate seconded the motion, which passed.

JUVENILE JUSTICE, DEPARTMENT OF

Abel Screening, Inc., 1700001860. Carey Cockerell and Jason Reynolds discussed the contract with the committee. A motion was made by Representative Fugate to consider the contract as reviewed. Representative Horlander seconded the motion, which passed.

LEGISLATIVE RESEARCH COMMISSION

Dr. James Pellegrino, 17/17-24; Daniel Koretz, 17/18-08; Phoebe Winter, 17/18-20; Dr. Marianne Perie, 17/18-22. David Byerman and Joshua Collins discussed the contracts with the committee. A motion was made by Representative Horlander to consider the contracts as reviewed. Representative St. Onge seconded the motion, which passed.

MOREHEAD STATE UNIVERSITY

MML&K Government Solutions, 18-008. Jane Fitzpatrick discussed the contract with the committee. A motion was made by Representative Lee to consider the contract as reviewed. Senator Hornback seconded the motion, which passed.

MURRAY STATE UNIVERSITY

Capitol Solutions, 010-18. Jordan Smith discussed the contract with the committee.

A motion was made by Representative Lee to consider the contracts as reviewed. Senator Hornback seconded the motion, which passed.

THE FOLLOWING PERSONAL SERVICE AMENDMENTS WERE SELECTED FOR FURTHER REVIEW:

UNIVERSITY OF KENTUCKY

Huron Consulting Services, LLC, K17-105. Bart Hardin, Barry Swanson, and Craig Collins discussed the contract with the committee. A motion was made by Representative Horlander to consider the contract as reviewed. Representative Lee seconded the motion, which passed.

UNIVERSITY OF LOUISVILLE

McCarthy Strategic Solutions, 17-030. Shannon Rickett discussed the contract with the committee. A motion was made by Senator Hornback to consider the contract as reviewed. Representative Horlander seconded the motion, which passed.

UNIVERSITY OF LOUISVILLE

Alvarez & Marsal Disputes and Investigations, LLC, 17-066. Shannon Rickett and Craig Dilger discussed the contract with the committee. A motion was made by Senator Hornback to consider the contract as reviewed. Representative Horlander seconded the motion, which passed.

THE FOLLOWING MEMORANDA OF AGREEMENTS WERE SELECTED FOR FURTHER REVIEW:

DEPARTMENT FOR MEDICAID SERVICES

University of Kentucky Research Foundation, 1700001786; Cabinet for Workforce Development, 1700001840; Justice Cabinet, 1700001842; Cabinet for Workforce Development, 1700002896. Earl Gresham, Lee Guise, Lindsay Jackson, Deck Decker, and Kristi Putnam discussed the contracts with the committee. A motion was made by Senator Raque Adams to consider the contracts as reviewed. Senator Hornback seconded the motion, which passed.

UNIVERSITY OF KENTUCKY

St. Claire Regional Medical Center, 001-18. Bart Hardin, Barry Swanson, and Craig Collins discussed the contract with the committee. A motion was made by Representative Lee to consider the contract as reviewed. Representative St. Onge seconded the motion, which passed.

UNIVERSITY OF KENTUCKY

Morehead State University, 002-18. Bart Hardin, Barry Swanson, and Craig Collins discussed the contract with the committee. A motion was made by Senator Wise to consider the contract as reviewed. Representative Lee seconded the motion, which passed.

THE FOLLOWING MEMORANDA OF AGREEMENT AMENDMENTS WERE SELECTED FOR FURTHER REVIEW:

DEPARTMENT FOR BEHAVIORAL HEALTH, DEVELOPMENTAL AND INTELLECTUAL DISABILITIES

Young People In Recovery, 1700001205. Lindsay Jackson, Stephanie Craycraft, and Tina Robbins discussed the contract with the committee. A motion was made by Representative Lee to consider the contracts as reviewed. Senator Raque Adams seconded the motion, which passed.

DEPARTMENT FOR MEDICAID SERVICES

Multi, 1600000145; Kentucky Transportation Cabinet, 1600000316; University of Kentucky Research Foundation, 1600001103; University of Kentucky Research Foundation, 1600002270; University of Kentucky Research Foundation, 1600002272; University of Louisville Research Foundation, 1600003893. Earl Gresham, Lee Guise, Lindsay Jackson, and Jill Hunter discussed the contracts with the committee. A motion was made by Representative Lee to consider the contracts as reviewed. Representative Fugate seconded the motion, which passed.

THE FOLLOWING MEMORANDA OF AGREEMENTS FOR \$50K AND UNDER WERE SELECTED FOR FURTHER REVIEW:

EARLY CHILDHOOD ADVISORY COUNCIL

Northern Kentucky Community Action, 1700002300; Covington Partners, Inc., 1700002302; Northern Kentucky Community Action, 1700002303. Linda Hampton and Katie Morris discussed the contracts with the committee. A motion was made by Senator Raque Adams to consider the contracts as reviewed. Representative Fugate seconded the motion, which passed.

There being no further business, the meeting adjourned at 12:18 P.M.



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## Beer, from page 3

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hard and put forth great efforts.”

Guild Vice President Daniel Harrison, who is also a partner in Country Boy Brewing, said the support of the committee has been vital to the industry’s growth.

“Your support with the legislative changes over the past two years has allowed many brewers to expand production, get more products in the market, hire more people,” he said.

Watson said Kentuckian’s thirst for craft brews isn’t close to being quenched.

“As Mark Twain famously stated, ‘Everything in Kentucky happens 10 years later,’” he said. “Kentucky still ranks 46 in terms of breweries per capita. Ohio has 179 breweries, and they are only 26th in terms of breweries per capita.

“Look at thriving beer scenes like Portland, Ore., or Asheville, N.C. You will see how enormously far we are from saturation. We are just now getting started and keeping that pedal down to maintain and capture our potential is pivotal.”

Sen. John Schickel, R-Union, said Kentucky microbrewers are an example of how to work with the General Assembly.

“If there is one industry since I’ve been chairman of this committee that has been a joy to work with, it has been the microbrew industry,” he said.

Watson said the guild hasn’t finalized its legislative agenda for the 2018 General Assembly but that it will likely focus on making Kentucky a friendlier business environment in the highly-regulated world of beer. He said the guild would like to align Prohibition-era statutory provisions with modern business practices, reduce red tape and make Kentucky craft brewers competitively on a national stage.

“The guild will have legislative requests this session, but our expansion from five members to 53 active licenses has made the vetting process a little bit more challenging for us,” Watson said. “We must continue to meet the needs of an increasingly diverse set of members, each making a difference with their own personalities and business models.”

# LRC Publications

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## Research Reports

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**434** Office of Education Accountability Kentucky District Data Profiles School Year 2016

**433** Program Review and Investigations Number, Cost, And Policies Related To Non-Merit Employees

**432** Program Review and Investigations Assessment Of Farmland For Property Taxation In Kentucky (2016)

**431** Program Review and Investigations Cost And Policy Considerations For State-Mandated Local Public Notices

**430** Program Review and Investigations State Inmates Housed In County Jails In Kentucky (Revised 5/24/17)

**429** Office of Education Accountability Overview Of Achievement Gaps In Kentucky Schools

**428** Program Review and Investigations State Funding Of The Bluegrass Water Supply Commission

**427** Office of Education Accountability A Review Of The Safe Schools Program

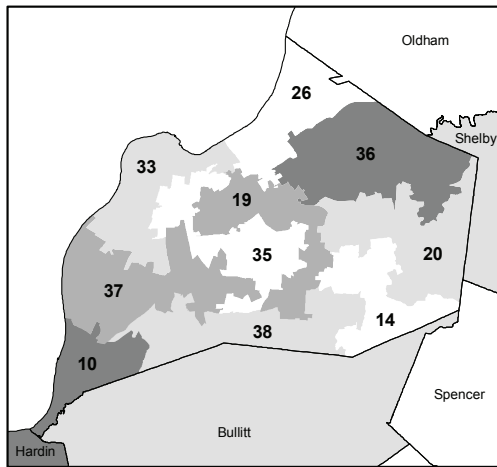
**426** Program Review and Investigations Medical Care for Kentucky Inmates In Community Medical Facilities: Feasibility And Savings Are Uncertain

**425** Office of Education Accountability Special Education Update 2016

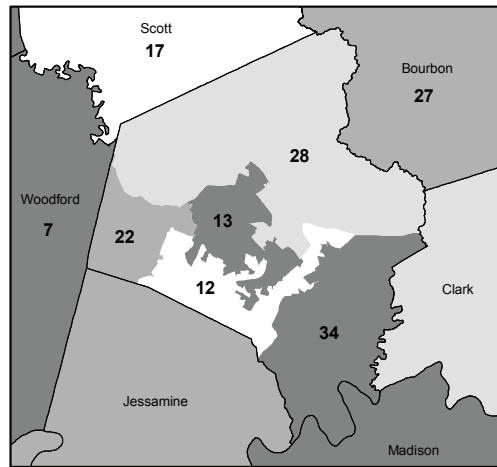
**424** Office of Education Accountability Kentucky District Data Profiles School Year 2015

**423** Program Review and Investigations Kentucky’s Community Mental Health System Is Expanding And Would Benefit From Better Planning And Reporting: An Update

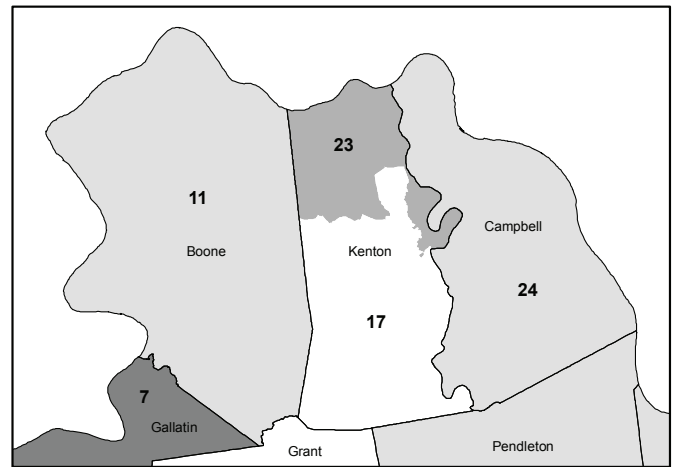
**422** Program Review and Investigations Kentucky Child Fatality And Near Fatality External Review Panel



Jefferson Co. Detail



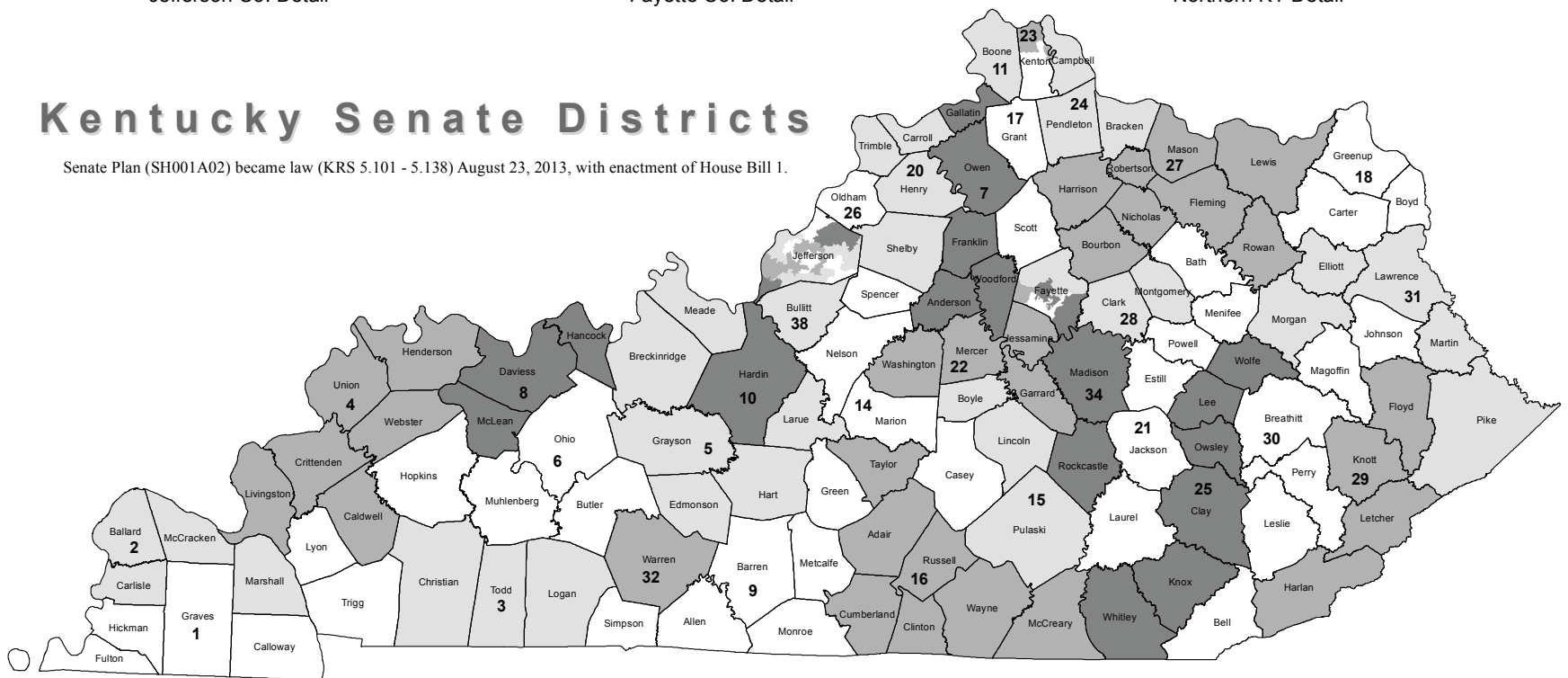
Fayette Co. Detail



Northern KY Detail

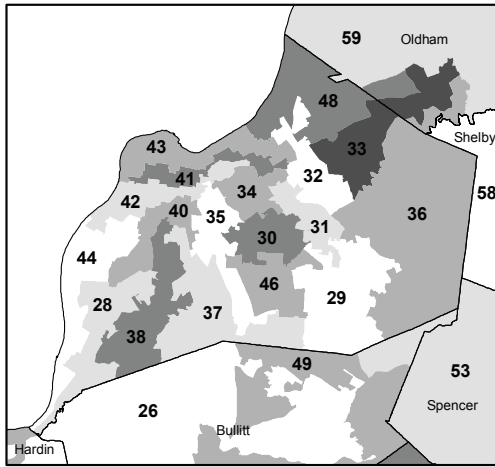
# Kentucky Senate Districts

Senate Plan (SH001A02) became law (KRS 5.101 - 5.138) August 23, 2013, with enactment of House Bill 1.

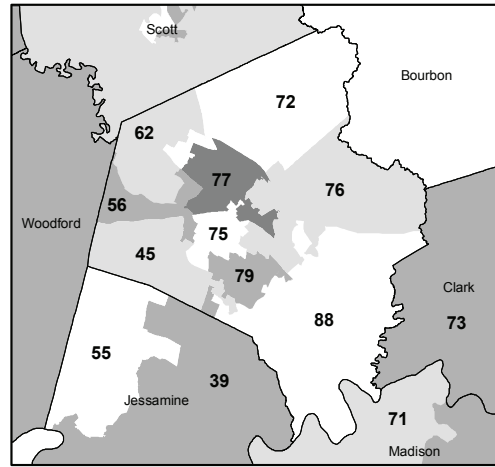


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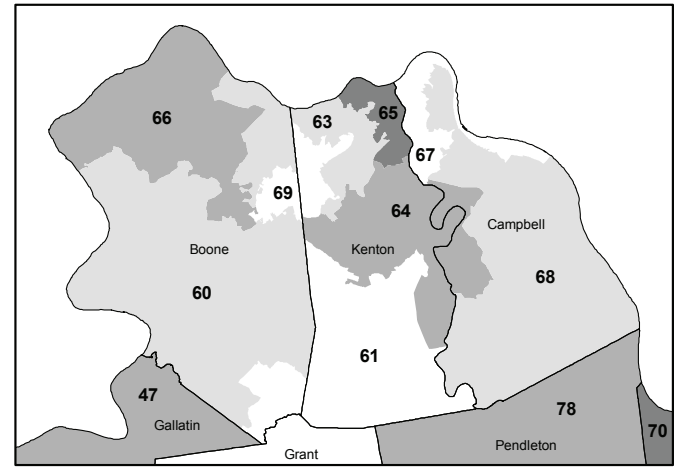




Jefferson Co. Detail



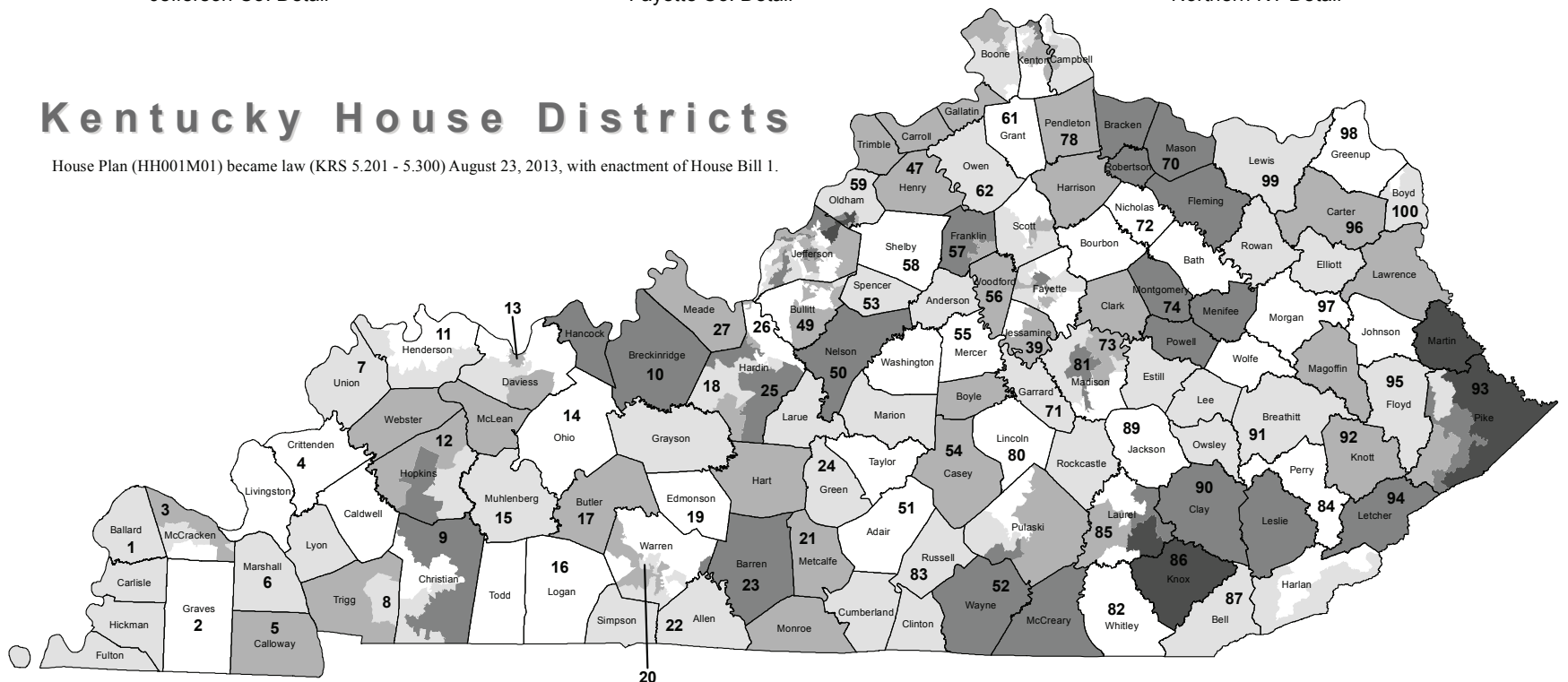
Fayette Co. Detail



Northern KY Detail

# Kentucky House Districts

House Plan (HH001M01) became law (KRS 5.201 - 5.300) August 23, 2013, with enactment of House Bill 1.



Produced by the Legislative Research Commission Geographic Information Systems Office, Room 26 Capitol Annex, Frankfort, KY, 40601, 502-564-8100, [gis@lrc.ky.gov](mailto:gis@lrc.ky.gov)

2017 Interim

## LEGISLATIVE RECORD

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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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Julian M. Carroll  
MINORITY WHIP

Jeff Hoover  
HOUSE SPEAKER

David Osborne  
SPEAKER PRO TEM  
Jonathan Shell  
MAJORITY FLOOR LEADER

Rocky Adkins  
MINORITY FLOOR LEADER

David Meade  
MAJORITY CAUCUS CHAIRMAN

Dennis Keene  
MINORITY CAUCUS CHAIRMAN

Kevin D. Bratcher  
MAJORITY WHIP

Wilson Stone  
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2017 Interim

# LEGISLATIVE RECORD

KENTUCKY GENERAL ASSEMBLY

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