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State budget among bills approved in 2020 session

by Jim Hannah
LRC Public Information

FRANKFORT -- Every legislative session develops a unique personality. COVID-19 shaped the character of the 154th regular session of the Kentucky General Assembly that ended on April 15.

The worldwide pandemic prompted the legislature, an institution steeped in tradition, to make changes to usual procedures. Lawmakers went from considering drafts of a two-year state budget to instead passing an austere one-year spending plan, an acknowledgment of the difficulties of making long-term revenue projections amid the economic turmoil of a pandemic. COVID-19 relief bills were quickly drafted and acted upon during the latter part of the session.

Efforts to promote social distancing left the marble corridors of the Capitol quieter than usual for a budget session. Broadcast coverage of the session was expanded after the general public was restricted from visiting the Capitol. House members were allowed to cast votes while not in the chamber. Ultimately, the legislators gavelled into session for only 53 days -- seven days less than allowed by the Kentucky Constitution.

The \$11.3 billion executive branch budget, however, will keep steady the basic per-pupil funding for Kentucky schools and support safety measures envisioned when lawmakers approved a major school safety bill last year. The spending plan, contained in House Bill 352, also provides the full actuarial-recommended level of funding for state public pension systems.



Sen. Whitney Westerfield, R-Crofton, at left, talks with Senate Minority Floor Leader Morgan McGarvey, D-Louisville, on the Senate floor. Many lawmakers wore masks late in the session due to the COVID-19 pandemic.

A COVID-19 relief measure, contained in Senate Bill 150, loosened requirements for unemployment benefits and extended help to self-employed workers and others who would otherwise not be eligible. It also expanded telemedicine options, extended the state's income tax filing deadline to July 15 and allowed public government meetings to take place over video teleconferencing.

Schools received COVID-19 relief via Senate Bill 177. The measure allowed local school districts to use 2018-'19 school year data to determine average daily attendance for funding under the state's SEEK

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formula, which is the main source of K-12 education funding for Kentucky's public schools.

A second provision extended the number of non-traditional instructional days available to help make up lost school days. Other language allowed for emergency leave for school district employees, reimbursement for meals for students away from classrooms, and the state education board to waive statewide testing requirements.

Rural hospitals were addressed in House Bill 387. It created a revolving loan fund for financially distressed rural hospitals through the Cabinet for Economic Development. An amendment gave the governor the authority to buy protective gear for health-care workers.

Ultimately, 932 bills were introduced and 124 were approved, including two proposed constitutional amendments. That's in addition to three joint resolutions and one concurrent resolution that passed and carry the weight of law. Some of those measures address the following topics:

Addiction treatment: Senate Bill 191 addresses certification and educational requirements for alcohol and drug counselors. The bill also directs Kentucky to establish guidelines employers can use to develop programs to help more individuals struggling with substance use disorders while maintaining employment.

Alcohol: House Bill 415 will allow distillers, wineries and breweries to be licensed to ship directly to consumers -- in and out of Kentucky. The bill imposes shipping limits of 10 liters of distilled spirits, 10 cases of wine and 10 cases of malt beverages per month. Packages of alcohol will have to be clearly labeled and be signed for by someone 21 or older. HB 415 will also prohibit shipping to dry territories, communities where local laws prohibit alcohol sales.

Animal abuse: Senate Bill 21 will allow veterinarians to make a report to authorities if they find that an animal under their care has been abused. Veterinarians are currently prohibited by law from reporting abuse of animals under their care unless they have the permission of the animal's owner or are under a court order.

Eating disorders: Senate Bill 82 will establish the Kentucky Eating Disorder Council. The group will oversee the development and implementation of eating disorder awareness, education, prevention and research programs.

Elections: Senate Bill 2, dubbed the voter photo ID bill, will require voters to present photographic identification at the polls, starting in the general election in November. If a voter does not have a photo ID, they will be able to show another form of ID and affirm, under the penalty of perjury, that they are qualified to vote. The bill also allows poll workers to vouch for a voter they know even if that person has no valid ID. Another provision of SB 2 will provide a free state-issued ID card for individuals who are at least 18 and do not have a valid driver's license. It currently costs \$30 for that ID.

E-cigs: House Bill 351 included a tax on electronic cigarettes. So-called open "vaping" systems, like those typically sold in "vape" shops, will be subject to a 15 percent excise tax. Closed vapor cartridges, like those sold by Juul Labs, will be taxed at \$1.50 per pod. Electronic cigarettes were the only tobacco product sold in Kentucky not subject to an excise tax.

Hemp: House Bill 236 will conform Kentucky's hemp laws to federal guidelines that changed after the passage of the 2018 U.S. Farm Bill. That bill removed hemp from the list of federally controlled substances, which allowed farmers across the nation to grow hemp legally. The bill also expands the number of labs authorized to test hemp for tetrahydrocannabinol (THC), a psychoactive component found in hemp and other types of cannabis.

Human rights: House Bill 2 will require a national anti-human trafficking hotline number to be advertised in airports, truck stops, train stations and bus stations. Posters with the hotline number are currently required in rest areas. The bill also closes a loophole in the state sex offender registry by adding specific human trafficking offenses to the definition of a sex crime.

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House Minority Whip Angie Hatton, D-Whitesburg, in photo at left, and House Majority Whip Chad McCoy, R-Bardstown, speaking in photo at right, read votes on bills cast by lawmakers from their respective parties in the session's final hours. Many House members observed social distancing by casting votes outside of the chamber and transmitting those votes to their respective leadership to be read and recorded on the floor.



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INTERIM JOINT COMMITTEE ON APPROPRIATIONS AND REVENUE

Budget Review Subcommittee on Justice and Judiciary

Minutes of the 5th Meeting of the 2019 Interim

November 19, 2019

Call to Order and Roll Call

The 5th meeting of the Budget Review Subcommittee on Justice and Judiciary of the Interim Joint Committee on Appropriations and Revenue was held on Tuesday, November 19, 2019, at 8:00 AM, in Room 129 of the Capitol Annex. Senator Whitney Westerfield called the meeting to order, and the secretary called the roll.

Present were:

Members: Senators Denise Harper Angel and Whitney Westerfield; Representatives Angie Hatton, Nima Kulkarni, and Jason Petrie.

Guests: Laura Sudkamp, Lab Director, Forensic Laboratory System, Kentucky State Police; and Heather Wagers, Legislative Liaison, Justice and Public Safety Cabinet.

LRC Staff: Zachary Ireland, Savannah Wiley, and Benjamin Thompson

Update on the Rape Test Kit Backlog

Ms. Sudkamp provided an update on the Rape Test Kit Backlog and an overview of the Kentucky State Police Crime Lab.

In response to questions from Senator Westerfield, Ms. Sudkamp stated that every time a report is written counts as an assignment. Ms. Sudkamp said that each case consists of two assignments on average.

In response to questions from Representative Petrie, Ms. Sudkamp noted that she believes the number of assignments will continue to increase, though she does not believe the number of cases will continue to double every four years. Ms. Sudkamp noted that there are 10 employees earning an entry level salary, while each paygrade receives a five percent increase in salary.

In response to a question from Senator Harper Angel, Ms. Sudkamp said that all new employees have received the extra \$4,000 in their salary, but that it is not standard and she has had to request the increased salary for each hire. Ms. Sudkamp stated that Rapid DNA testing chips cost about \$1,100 each. A chip can run four DNA samples at a time. Ms. Sudkamp noted that lab technicians can run the Rapid DNA testing machines, so a biologist is not needed.

In response to questions from Representative Petrie, Ms. Sudkamp stated that if Rapid DNA produces a genetic profile, it is highly reliable. Ms. Sudkamp noted that the Rapid DNA testing machine consumes every part of a sample that is used. Ms.

Sudkamp said that the Rapid DNA testing machine has a procedure to run through every day to ensure it is working properly.

There being no further business before the subcommittee, the meeting was adjourned at 9:01 AM.

LEGISLATIVE RESEARCH COMMISSION

Minutes of the 564th Meeting

December 19, 2019

Call to Order and Roll Call

The 564th meeting of the Legislative Research Commission was held on Thursday, December 19, 2019, at 12:00 PM, in Room 125 of the Capitol Annex. Representative David Osborne, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Robert Stivers II, Co-Chair; Representative David Osborne, Co-Chair; Senators Julie Raque Adams, David P. Givens, Morgan McGarvey, Dennis Parrett, Damon Thayer, Johnny Ray Turner, and Mike Wilson; Representatives John Bam Carney, Derrick Graham, Chad McCoy, David Meade, and Suzanne Miles.

LRC Staff: Jay Hartz and Christy Glass.

Speaker Osborne called the meeting to order and asked for a motion to go into Executive Session to discuss a personnel matter. The motion was made by Representative Meade and seconded by Senator Stivers.

After returning from Executive Session a motion was made by Senator Stivers to form a subcommittee comprised of Senator Givens, Senator Thayer, Senator McGarvey, Representative Meade, Representative Carney, and the House Minority Floor Leader to conduct the six (6) month performance review of Director Jay Hartz. The motion was seconded by Representative Meade. There being no further discussion, a roll call vote was taken, and the motion approved unanimously.

Speaker Osborne called for a motion to approve the minutes of the September 18, 2019, meeting; accept as indicated items A. through K. under Staff and Committee Reports; refer prefiled bills as indicated and approve items B. through D. under New Business; and accept and refer as indicated items 1. through 47. under Communications.

A motion was made by Senator Thayer and seconded by Senator Parrett.

There being no further discussion, a motion having been made, a roll call vote was taken, and the motion approved unanimously. The following items were approved, accepted or referred:

STAFF AND COMMITTEE REPORTS

Information requests since September 2019.

Committee Activity Reports since September 2019.

Report of the Administrative Regulation Review Subcommittee meetings on September 16, October 8, and November 12, 2019.

Committee review of the administrative regulations by the Interim Joint Committee on Agriculture during its meetings on August 22 and October 7, 2019.

Committee review of Executive Reorganization Order 2019-719 by the Interim Joint Committee on Health, Welfare, and Family Services during its meeting on September 30, 2019.

From Senator Ernie Harris and Representative Ken Upchurch, Co-chairs of the Interim Joint Committee on Transportation: Memorandum submitting Final Action of the 2017 HB 184 Study.

Committee review of the administrative regulations by the Interim Joint Committee on Health, Welfare, and Family Services during its meetings on November 18 and December 9, 2019.

Committee review of FY 2020 Maternal and Child Health Services Title V Block Grant Application by the Interim Joint Committee on Health, Welfare, and Family Services during its meeting on November 18, 2019.

Committee review of FY 2019 Preventive Health and Health Services Block Grant Application by the Interim Joint Committee on Health, Welfare, and Family Services during its meeting on November 18, 2019.

From Teresa Arnold, Deputy Director for Research and Communications: Reports of task forces, working group, and staff studies for 2019.

From Teresa Arnold, Deputy Director for Research and Communications: Report of 2019 Senate Bill 1 staff study.

NEW BUSINESS

Referral of prefiled bills to the following committees: **BR 288** (An act relating to veterinarians), **BR 403** (An act relating to farmer suicide prevention and awareness) and **BR 492** (An act relating to trapping furbearers) to **Agriculture**; **BR 4** (An act relating to legislative accountability by providing for the expanded use of cost estimates, a regulatory impact assessment of pending legislation, and the limitation of bill introductions during a regular session), **BR 102** (An act relating to the taxation of certain services), **BR 151** (An act relating to emergency medical service fees and declaring an emergency), **BR 239** (An act prohibiting the payment of public agency funds to any entity that performs, induces, refers for, or counsels in favor of abortions), **BR 246** (An act relating to an exemption of income for centenarians), **BR 251** (An act relating to an exemption of income taxation for military pensions), **BR 269** (An act relating to public health, making an appropriation therefor, and declaring an emergency), **BR 290** (An act establishing the Direct Health Care Services and Research Facilities Operations Loan, making an appropriation therefor, and declaring an emergency), **BR 367** (An act relating to an exemption from income taxation for military pensions), **BR 827** (An act establishing a tax credit for employers that make payments on refinanced loans issued by the

Kentucky Higher Education Student Loan Corporation to employees) and **BR 907** (An act relating to special purpose governmental entities) to **Appropriations and Revenue**; **BR 50** (An act relating to health care to provide for an all-payer claims database and making an appropriation therefor), **BR 66** (An act relating to community healthcare foundations by providing for the approval and oversight of not-for-profit hospital, health maintenance organization, and healthcare insurer conversions, and declaring an emergency), **BR 98** (An act relating to insurance policy renewals), **BR 221** (An act relating to prescription insulin), **BR 306** (An act relating to health care services received at no-cost or reduced-cost health care facilities by persons covered under a health insurance policy), **BR 425** (An act relating to cost sharing under a health benefit plan) and **BR 843** (An act relating to uninsured motorist coverage) to **Banking and Insurance**; **BR 48** (An act relating to physician employment contracts), **BR 316** (An act relating to employment schedules), **BR 317** (An act relating to leave from employment for crime victims), **BR 319** (An act relating to earned paid sick leave), **BR 320** (An act relating to employment provisions for employees on parental leave), **BR 323** (An act relating to prevailing wage), **BR 324** (An act relating to public procurement), **BR 325** (An act relating to economic development incentives), **BR 414** (An act relating to workers' compensation), **BR 436** (An act relating to employment-related drug screens), **BR 456** (An act relating to wages for employment), **BR 433** (An act relating to non-compete agreements with health-care providers), **BR 494** (An act relating to the Workers' Compensation Funding Commission) and **BR 910** (An act relating to sheltered employment) to **Economic Development and Workforce Investment**; **BR 87** (An act relating to school construction), **BR 124** (An act relating to bus safety), **BR 252** (An act relating to the Kentucky Community and Technical College System, making an appropriation therefor, and declaring an emergency), **BR 435** (An act relating to student health and safety), **BR 486** (A resolution urging the Kentucky Department of Education to create a task force to consider ways to improve diversity in STEAM areas of education), **BR 817** (An act relating to high school graduation requirements), **BR 832** (An act relating to the Kentucky tuition grant program), **BR 898** (An act relating to the Asset Resolution Corporation), **BR 976** (An act relating to Kentucky Educational Excellence Scholarships), **BR 1020** (An act relating to student privacy and declaring an emergency), **BR 1024** (An act relating to nonteaching time for teachers), **BR 1025** (An act relating to boards of education) and **BR 1038** (An act relating to school building projects) to **Education**; **BR 8** (An act relating to controlled substances), **BR 9** (An act relating to prescription drugs), **BR 49** (An act relating to elimination of the certificate of need and declaring an emergency), **BR 63** (An act relating to the reporting of child abuse), **BR 88** (An act relating to maternal health), **BR 98** (An act relating to insurance policy renewals), **BR 218** (An act relating to qualified mental health professionals), **BR 222** (An act relating to insulin assistance and making an appropriation therefor), **BR 291** (An act relating to

First Responder Recognition Day), **BR 313** (An act relating to mental health first aid training and making an appropriation therefor), **BR 372** (An act relating to involuntary termination of parental rights), **BR 377** (An act relating to the psychology interjurisdictional compact), **BR 394** (An act relating to direct care staff training in dementia care), **BR 407** (An act relating to providing free feminine hygiene products for women public postsecondary students), **BR 411** (An act relating to individuals with intellectual and developmental disabilities), **BR 474** (An Resolution declaring October 5, 2020, to be Ostomy Awareness Day), **BR 482** (A Resolution declaring May 2020 to be Ehlers-Danlos Syndrome Awareness Month), **BR 488** (An act relating to child-care centers in Kentucky), **BR 813** (A Concurrent Resolution to create a task force on neonatal intensive care units), **BR 819** (An act relating to patient safety by requiring Kentucky hospitals to annually survey employees regarding patient safety culture and practices with the results to be publicly reported on a Web site maintained by the Cabinet for Health and Family Services), **BR 833** (An act relating to required Medicaid coverage of services), **BR 844** (An act relating to birth certificates for stillborn children), **BR 856** (An act relating to preserving families that include a parent who is blind), **BR 865** (An act relating to physician assistants), **BR 885** (A Joint Resolution directing the Cabinet for Health and Family Services to create a task force to study prescription drug transparency and affordability), **BR 886** (A Resolution proclaiming April 26, 2020, to be Diabetic Ketoacidosis Awareness Day in Kentucky), **BR 909** (An act relating the Solemn Covenant of the States to Award Prizes for Curing Diseases Interstate Compact), **BR 917** (An act relating to coverage for medically necessary fertility preservation services), **BR 936** (An act relating to the certification of sober living homes and declaring an emergency), **BR 1010** (A Concurrent Resolution urging the United States Congress to enact the Lower Health Care Costs Act) and **BR 1011** (A Concurrent Resolution calling for the expediting of research regarding the safety and efficacy of the use of marijuana for medical purposes) to **Health, Welfare, and Family Services**; **BR 37** (An act relating to crimes against sports officials), **BR 97** (An act relating to interpersonal protective orders), **BR 135** (An act relating to cruelty of animals), **BR 173** (An act relating to the safety of canines and felines), **BR 197** (An act relating to the reporting of statistics involving domestic violence), **BR 241** (An act proposing an amendment to the Constitution of Kentucky relating to abortion), **BR 282** (An act relating to firearm storage), **BR 354** (An act relating to firearms and making an appropriation therefor), **BR 358** (An act relating to assault on a service animal), **BR 370** (An act relating to law enforcement officers), **BR 450** (An act relating to gang violence), **BR 839** (An act relating to torture of a dog or cat), **BR 835** (An act relating to firearms possession), **BR 901** (An act relating to legal actions concerning the exercise of a person's constitutional rights), **BR 967** (An act relating to the sale of tobacco, alternative nicotine, and vapor products), **BR 996** (An act relating to felony mediation); **BR 997** (An act relating to theft), **BR 1001** (An act relating to property and trusts) and **BR**

1042 (An act relating to involuntary termination of parental rights) to **Judiciary**; **BR 174** (An act relating to the reporting of animal abuse), **BR 300** (An act relating to adopting the most cost-effective alternative in administrative regulations having a major economic impact on the Kentucky economy), **BR 364** (An act relating to wagering and making an appropriation therefor), **BR 366** (An act relating to medicinal marijuana and making an appropriation therefor), **BR 423** (An act relating to the disposition of human remains), **BR 457** (An act relating to creative arts therapies), **BR 468** (An act relating to vapor products), **BR 485** (An act relating to causes of actions for building code violations) and **BR 925** (An act relating to flavored vapor products) to **Licensing, Occupations, and Administrative Regulations**; **BR 379** (An act relating to the transfer of county jail inmates), **BR 421** (An act relating to the election of board members of library districts) and **BR 897** (An act relating to local option elections) to **Local Government**; **BR 415** (An act relating to utility rates), **BR 808** (A Joint Resolution directing the Energy and Environment Cabinet (Cabinet) and the Louisville Metro Air Pollution Control District (District) to determine the environmental benefits, related costs, and potential alternatives to the federal reformulated gasoline requirements currently imposed in Jefferson County and partial areas in Bullitt and Oldham Counties) and **BR 999** (An act relating to plastic waste) to **Natural Resources and Energy**; **BR 3** (An act relating to government data by providing for the adoption of an open data standard to allow for centralization of government data sets at a uniquely identified uniform Web site resource locator address), **BR 47** (An act relating to vacancies in elective office), **BR 76** (An act relating to evidence-based budget allocations by providing for the formation of the Office for Program Evaluation and Quality Assurance within the Office of State Budget Director, the establishment of an evidence-based program inventory, the regular evaluation of state programs, the elimination of ineffective state programs, and the creation of an evaluation officer position within state agencies), **BR 78** (An act proposing an amendment to Section 32 of the Constitution of Kentucky relating to terms of members of the General Assembly), **BR 86** (An act relating to hearing officers), **BR 137** (An act proposing an amendment to Section 42 of the Constitution of Kentucky relating to compensation for members of the General Assembly), **BR 141** (An act relating to absentee voting), **BR 154** (An act relating to the recall of elected officials), **BR 155** (An act proposing an amendment to Sections 30, 31, 32 of the Constitution of Kentucky relating to terms of members of the General Assembly), **BR 224** (An act relating to dually employed retirement system members), **BR 273** (An act relating to voter registration), **BR 292** (An act relating to retirement costs for Kentucky Retirement Systems employers, declaring an emergency, and making an appropriation therefor), **BR 310** (An act relating to legislative ethics), **BR 337** (An act proposing an amendment to Section 145 of the Constitution of Kentucky relating to persons entitled to vote), **BR 371** (A joint resolution directing the Finance and Administration Cabinet to create an Evidence-Based Policymaking Task Force to

study how state agencies collect and share data, and making an appropriation therefor), **BR 409** (An act relating to state employee compensation), **BR 431** (An act relating to voting); **BR 432** (An act relating to elections), **BR 439** (An act relating to voting), **BR 440** (An act relating to elections), **BR 461** (An act relating to state employee compensation), **BR 463** (An act relating to changing beneficiaries after retirement in state-administered retirement systems), **BR 499** (An act relating to executive branch ethics), **BR 801** (An act relating to campaign finance), **BR 803** (An act relating to campaign finance), **BR 853** (An act relating to elections), **BR 854** (An act relating to voter registration), **BR 859** (An act proposing an amendment to Section 145 of the Constitution of Kentucky relating to persons entitled to vote), **BR 873** (An act proposing an amendment to Section 70 of the Constitution of Kentucky relating to the election of Governor and Lieutenant Governor), **BR 903** (An act proposing an amendment to Section 32 of the Constitution of Kentucky relating to terms of the members of the General Assembly), **BR 906** (An act proposing an amendment to Section 54 of the Constitution of Kentucky), **BR 965** (An act relating to public records and declaring an emergency) and **BR 1001** (An act relating to powers of appointment) to **State Government**; **BR 413** (An act relating to information technology), **BR 284** (An act relating to the state spirit), **BR 947** (An act relating to blockchain technology) and **BR 1003** (An act relating to Uniform Fiduciary Access to Digital Assets Act) to **Tourism, Small Business and Information Technology**; **BR 109** (A joint resolution designating the Veterans Suicide Memorial Mile on Interstate 75 in Whitley County), **BR 184** (An act relating to transportation and making an appropriation therefor), **BR 185** (**BR 212** (An act relating to operating a motor vehicle), **BR 328** (An act relating to railroads), **BR 931** (An act relating to the sponsorship of Transportation Cabinet facilities and vehicles and making an appropriation therefor) and **BR 480** (An act related to animal-drawn vehicles and making an appropriation therefor) to **Transportation**; **BR 391** (An act relating to high school students pursuing military careers), **BR 412** (An act relating to veteran-owned nonprofit businesses) and **BR 467** (A Joint Resolution directing the Secretary of Personnel to remove the midpoint pay restrictions for the nursing staff of veterans centers operated by the Office of Kentucky Veterans Centers) to **Veterans, Military Affairs and Public Protection**.

From Senate President Robert Stivers and House Speaker David Osborne: Memorandum appointing Representative Phillip Pratt to serve on the Interim Joint Committee on Tourism, Small Business, and Information Technology as the House Co-chair.

From Director Jay D. Hartz: Memorandum recommending approval for OCIT to begin the testing phase of a computer application for processing member travel requests and travel vouchers.

From Senator David Givens, Senator Morgan McGarvey, Representative Bam Carney, and Representative Angie Hatton: Memorandum requesting approval of the formation of the Kentucky Nonprofit Caucus.

COMMUNICATIONS

From the Office of the Attorney General: Constitutional Challenge Reports for the months of August, September, and October 2019.

From the Finance and Administration Cabinet: Monthly Investment Income Report for the months of September, October, and November 2019.

From the Finance and Administration Cabinet, Office of the Controller: Surtax Receipts Statements for the Law Enforcement and Professional Firefighters Foundation Fund Programs, which reflect activity for Accounting Periods 3, 4, and 5 and year-to-date activity for the period of July 1, 2019, through November 30, 2019.

From the Cabinet for Economic Development: Construction activity reports for each loan approved as of the quarter ending September 30, 2019.

From the Kentucky Board of Medical Licensure: 2019 Kentucky Board of Medical Licensure Annual Report.

From the Kentucky Fire Commission: FY 20 Financial Disclosure Report.

From the Cabinet for Health and Family Services: 2019 Biennial Report of the Advisory Council on Autism Spectrum Disorders.

From the Kentucky Department of Agriculture: 2019 Farm to Food Banks Advisory Committee Annual Report.

From the Finance and Administration Cabinet, Department of Revenue: FY 19 Disaster Relief Sales and Use Tax Refund Totals.

From the Cabinet for Health and Family Services, Department for Community Based Services: Response to Citizen Review Panel 2019 Annual Report.

From the Department for Local Government: 2018 Special Purpose Governmental Entities Compliance Report.

From the School Facilities Construction Commission: 2019 Emergency and Targeted Investment Fund Report.

From the Kentucky Teachers' Retirement System: FY 19 In-State Investments Report.

From the Kentucky Teachers' Retirement System: FY 19 Annual Report.

From the State Corrections Commission, Justice and Public Safety Cabinet: 2019 State Corrections Commission Annual Report.

From the Auditor of Public Accounts: FY 19 Report of the Audit of the Kentucky Heritage Land Conversation Nature License Plate Fund.

From the Kentucky Public Transportation Infrastructure Authority: FY 18 Operating and Financial Statement.

From the Auditor of Public Accounts: 2019 Report of the Audit of the Cabinet for Health and Family Services' Breast Cancer Research and Education Trust Fund.

From the Auditor of Public Accounts: 2019 Report of the Audit of the Kentucky Department of Agriculture Spay and Neuter Program.

From the Auditor of Public Accounts: 2019 Report of the Audit of the Kentucky Department of Veterans' Affairs I Support Veterans License Plate.

From the Auditor of Public Accounts: 2019 Report of the Audit of the Kentucky Department of Veterans' Affairs Veterans' Program Trust Fund.

From the Kentucky Employers' Mutual Insurance Authority: 2020 Administrative Budget.

From the Department of Education: Kentucky Facilities Inventory and Classification System Report.

From the Department of Corrections: 2019 Prison Industries Enhancement Certification Program Annual Report.

From the Department of Fish and Wildlife Resources: 2019 Status of Hunting Land Access in Kentucky.

From the Kentucky Judicial Form Retirement System: Operating Statements of the Judicial Retirement Fund and the Legislators Retirement Fund for FY 19; list of investments held by the Fund as of June 30, 2019; and Portfolio Valuations of the Fund as of June 30, 2019.

From the Department of Education: 2018-2019 Physical Activity and Nutrition Report.

From the Auditor of Public Accounts: 2019 Report of the Audit of the Kentucky Lottery Corporation.

From the Cabinet for Health and Family Services: 2019 Annual Status Report of the Commission on Services and Supports for Individuals with Intellectual and Other Developmental Disabilities.

From the Cabinet for Health and Family Services: FY 19 Kentucky Child Victims of Human Trafficking Annual Report.

From the Kentucky Higher Education Assistance Authority: FY 19 Actuarial Valuation for Kentucky's Affordable Prepaid Tuition (KAPT).

From the Kentucky Personnel Cabinet: Semi-Annual Report which lists all filled positions, as of September 1, 2019, exempted from classified service.

From the Kentucky Personnel Cabinet: Quarterly Reports as of September 30, 2019, which lists the number of all full-time classified (merit) and unclassified (non-merit) employees.

From the Cabinet for Health and Family Services: 2019 Social Service Worker Caseload Averages.

From the Kentucky Employers' Mutual Insurance Authority: Statement of Assets, Liabilities, and Policyholder Equity; Statement of Income; and Statement of Solvency as of September 30, 2019.

From the Kentucky Employers' Mutual Insurance Authority: Quarterly Statement and Financial Status for the period ending September 30, 2019.

From the Auditor of Public Accounts: 2019 Report of the Audit of the Kentucky River Authority.

From the Auditor of Public Accounts: 2019 Report of the Audit of the Teachers' Retirement System of Kentucky.

From the Kentucky Teachers' Retirement System: FY 2019 Pension and OPEB valuations and GASB 67 and 74 reports.

From the Legislative Ethics Commission: FY 2018-2019 Annual Report.

From the Auditor of Public Accounts: 2019 Report of the Audit of the Kentucky Artisan Center at Berea.

From the Cabinet for Health and Family Services: 2019 Annual Report on Committed Children.

From the Justice and Public Safety Cabinet: 2019 Reentry Drug Supervision Annual Report.

From the Personnel Cabinet: Kentucky Employees' Health Plan Nineteenth Annual Report.

From the Military Assistance Trust Fund: 2019 Annual Report.

From the University of Kentucky: 2019 Annual Report of the Kentucky Interagency Groundwater Monitoring Network.

From the Executive Branch Ethics Commission: 2017-2019 Biennial Report 27 Year Statistics.

Representative Graham asked that everyone keep the family and friends of Bob Stewart, who passed away on Wednesday, in their prayers. Mr. Stewart was the former Secretary of Tourism, Arts, and Heritage under Governor Steve Beshear.

Representative Osborne recognized members of the Governor's legislative relations team, former Senator Dorsey Ridley and legislative liaison, Morgan Eaves.

There being no further business, the meeting was adjourned.

INTERIM JOINT COMMITTEE ON STATE GOVERNMENT

Minutes of the 6th Meeting of the 2019 Interim

December 16, 2019

Call to Order and Roll Call

The sixth meeting of the Interim Joint Committee on State Government was held on Monday, December 16, 2019, at 3:00 PM, in Room 154 of the Capitol Annex. Representative Jerry T. Miller, Chair, called the meeting to order and the secretary called the roll. Representative Miller introduced a new member of the committee, Representative Samara Heavrin.

Present were:

Members: Senator Wil Schroder, Co-Chair; Representatives Jerry T. Miller, Co-Chair, and Kevin D. Bratcher, Co-Chair; Senators Ralph Alvarado, Denise Harper Angel, Morgan McGarvey, Robby Mills, Albert Robinson, Damon Thayer, and Johnny Ray Turner; Representatives Tina Bojanowski, Jim DuPlessis, Larry Elkins, Joseph M. Fischer, Derrick Graham, Joe Graviss, Richard Heath, Samara Heavrin, Derek Lewis, Scott Lewis, Jason Nemes, Jason Petrie, Rick Rand, Steve Sheldon, James Tipton, and Les Yates.

Guests: Senator Jimmy Higdon; Representative Buddy Wheatley; Bryan Taylor, Lawrenceburg Police Department; Bart Powell, Anderson County Department of Public Safety; T. J. Gilpin, Kentucky Transportation Employees' Association; and Tony McGaha, Kentucky Association of Transportation Engineers.

LRC Staff: Alisha Miller, Brad Gross, Daniel Carter, Kevin Devlin, Roberta Kiser, Karen Powell, and Peggy Sciantarelli

Approval of Minutes

The minutes of the November 21, 2019, meeting were approved without objection, upon motion by Representative Heath.

Public Pension Oversight Board Recommendations

Senator Jimmy Higdon and Representative DuPlessis, Co-chairs of the Public Pension Oversight Board (PPOB), discussed the annual recommendations that were approved at the PPOB December meeting.

The following 10 recommendations were approved:

#1 – The PPOB should study and evaluate the amortization methods/policies state systems are using to pay off unfunded liabilities, and the impact of layering/stacking of future actuarial gains/losses; (recommended by Representative Miller)

#2 – The Teachers' Retirement System (TRS) should report carried interest at the asset class level; (recommended by Representative Miller)

#3 – In 2020, the PPOB should evaluate: (1) adding the State Treasurer to the PPOB membership; and (2) adding legislators as nonvoting members of the Kentucky Retirement Systems (KRS) and TRS boards; (recommended by Senator Higdon)

#4 – The PPOB should examine issues and potential solutions to KRS concerns regarding who pays the health insurance premium costs of retirees who have service in multiple state-administered retirement systems; (recommended by Senator Higdon)

#5 – The PPOB should examine the level of funding requests for TRS relating to both the pension and retiree health funds and how the 2020 experience study would impact these costs; (recommended by Senator Higdon)

#6 – The PPOB should semiannually request that the Kentucky Deferred Compensation Authority provide updates on plan participation, asset levels, and performance; (recommended by Senator Higdon)

#7 – Legislation should be enacted to convert the Kentucky Employees Retirement System-Nonhazardous (KERS-NH) employer contribution amounts from a payroll-based model to a liability-based model—similar to measures included in BR 292, prefiled for the 2020 Regular Session; (recommended by Representative DuPlessis)

#8 – Based upon the State Auditor's finding regarding compliance with SB 2 (2017 RS), legislation should be enacted to address the problems of: (1) reporting of carried interest; (2) posting of investment contracts online; and (3) the gating process for redacting information from contracts; (recommended by Senator Higdon)

#9 – The Kentucky Retirement Systems housekeeping measures that were presented to PPOB in November 2019 should be enacted; (recommended by Representative Miller)

#10 – The General Assembly should budget sufficient funds to pay the full actuarially required contribution rates to the KERS, State Police Retirement System (SPRS), and TRS pension funds. (recommended by Senator Higdon and Representative DuPlessis)

Responding to a question from Representative Tipton regarding recommendation #10, Senator Higdon said it is correct that currently TRS is the only system that is not statutorily required to pay the full actuarially required contribution.

**Discussion of Prefiled Legislation
20 RS BR 463**

Representative Buddy Wheatley discussed BR 463, which he prefiled on November 18, relating to changing beneficiaries after retirement in state-administered retirement systems. The bill would allow a KRS retiree who experiences a qualifying event, including marriage, remarriage, the birth or adoption of a child, or the death of a designated beneficiary, to elect to change his or her beneficiary and optional payment plan; and expand the qualifying events for which a TRS retiree may elect to change his or her beneficiary and optional payment plan to also include a birth or adoption of a child. The election to change beneficiary must be made within 120 days of the qualifying event.

Representative Wheatley said the intent of the legislation is to equalize benefits for KRS and TRS members. It would mainly involve an administrative function and would have no actuarial impact. Currently, TRS retirees are allowed—but KRS retirees are not—to change beneficiary if they experience a qualifying event. For TRS, the bill adds birth or adoption of a child as a qualifying event. It specifies a 120-day window for members of both systems, whereas the existing window for TRS is only 60 days.

Senator Schroder said he filed similar legislation in the past and had the impression at that time that the administrative burden would have been significant. Representative Wheatley said TRS had received only 20 requests for beneficiary change as of mid-November this year, and he does not believe the legislation would cause a rigorous administrative burden.

20 RS BR 224

Representative Tipton discussed BR 224, which he prefiled on November 12, relating to dually employed retirement system members. The bill would provide that if a member is working in a regular full-time hazardous duty position that participates in KERS or the County Employees Retirement System (CERS) and is simultaneously employed in a nonhazardous position that is not considered regular full-time, the member shall participate solely as a hazardous duty member and shall not participate under the nonhazardous position unless he or she makes an election within 30 days of taking employment in the nonhazardous position. The provisions would only apply to prospective nonhazardous employment occurring on or after the effective date of the Act.

Representative Tipton said that during the summer he was contacted by Anderson County Judge Executive Orbrey Gritton regarding the county's difficulty in filling EMS positions, which participate in the CERS-nonhazardous system. These positions could be filled on a part-time basis by police officers and sheriff deputies—who participate in the CERS-hazardous system—but, in doing so, they would forfeit credit in the hazardous duty system.

Bryan Taylor, Chief of Police in Lawrenceburg KY, and Bart Powell, Director of Emergency Management in Anderson County, testified in support of BR 224. Chief Taylor explained that in 2007 and 2008 he was a full-time deputy sheriff under the hazardous duty retirement system but had worked part-time for four months for the jailer in a nonhazardous position. He later learned that, as a result of the part-time job, he

lost four months of credit toward his hazardous duty tier-1 retirement. He said other officers who worked for him also had forfeited hazardous duty credit because of their part-time work in the nonhazardous system.

Mr. Powell said that if a hazardous duty employee works only one day of the month in a nonhazardous position, the entire month would be credited to the nonhazardous system. He cited examples of hazardous duty employees in Anderson County who planned to retire in the hazardous system but had to work additional months in order to compensate for their nonhazardous part-time work in emergency services. He said there is a massive shortage of EMTs and paramedics in Anderson County, but persons who are qualified to fill the vacant positions are unwilling to do so because it would negatively affect their hazardous duty retirement. He urged the committee to consider what he believes would be an easy regulatory fix to address the problem.

Representative Tipton said that, based on his conversations with officials at the Kentucky League of Cities and the Kentucky Association of Counties, this appears to be an issue statewide.

Representative Graviss said there is a dangerous shortage of staff for the emergency services positions, and he hopes for speedy passage of BR 224 in the 2020 regular session. He thanked Representative Tipton and the Anderson County officials for bringing the issue forward.

Representative Tipton said KRS officials did not indicate any major issues with BR 224 before he prefiled it, but he intends to follow up with them. Representative Miller said that an actuarial analysis would probably not be necessary.

Representative Graham said he believes the legislation should be enacted, and he applauded Representative Tipton and the speakers for their efforts.

Representative Sheldon spoke in support of the legislation and questioned whether it possibly could be made retroactive. When he inquired about the number of employees affected, Mr. Powell said his department has 40 employees—22 full-time—but does not know how many would be affected statewide. He reiterated that there is a severe shortage of paramedics in Kentucky. Chief Taylor said he has 15 officers, and five would be affected by the legislation. Representative Tipton said it would not be feasible to make the bill retroactive because of the administrative burden it would involve.

Senator Schroder said the issue addressed in BR 224 is a problem across the board, including in his home county, Campbell. He looks forward to helping with passage of the legislation.

20 RS BR 461

Representative Tipton discussed BR 461, which he prefiled on December 9, relating to state employee compensation. The bill would provide for an annual cost-of-living adjustment (COLA) for state employees, with the adjustment being the average of the consumer price index for the two calendar years prior to the biennium, and not less than zero.

Representative Tipton said KRS Chapter 18A states that an annual increment of not less than five

percent of the base salary or wages shall be granted to each state employee; however, that has not happened in recent history. In today's economy five percent is probably not feasible, but it must be recognized that the state depends on the services provided by its dedicated employees. The state must also compete with the private sector for good quality employees. BR 461 changes "increment" to "cost-of-living adjustment" and would tie the annual increase to the consumer price index. The 2018 annual CPI was 2.4 percent; as of October 2019, it was 1.8 percent. Passage of BR 461 will not make up for the many years without a salary increase, but it is a start, although there is no guarantee that it will be included in the new budget.

T. J. Gilpin, President, Kentucky Transportation Employees' Association (KTEA), and Tony McGaha, President, Kentucky Association of Transportation Engineers (KATE), testified in support of BR 461. Mr. McGaha's testimony included a slide presentation entitled "Rethinking the Annual Increment."

Mr. Gilpin said that KTEA and KATE include about 2,000 Transportation Cabinet employees and that KTEA is the largest state employee organization in Kentucky. Wage stagnation is a crisis in state government. During the past several years of a robust economy state employee salaries have remained relatively flat. The last time state employees received a full five percent increment was in 2001. KTEA and KATE have tried for the last several years to have it included in the biennial budget. They are aware of the pension crisis and now realize that state government can no longer afford a five percent increment.

Mr. McGaha said that state government awarded an engineering salary adjustment five years ago. At that time a salary study of all 50 states ranked Kentucky Transportation Cabinet engineers 49th or 50th, and a 2019 study finds that ranking unchanged. The cabinet has approximately 450 engineers, and during the past five years 118 have retired, with 36 choosing early retirement and some becoming employed in another state. In that same time period, the cabinet granted 96 scholarships to incoming freshmen; 72 completed the program and were employed full-time in the cabinet. Since then, 16 have resigned. Only three fulfilled their work obligation, and 13 reimbursed the cabinet in order to choose other employment. Thus the cabinet lost 118 engineers but only gained 56 from the incoming students. The scholarship program usually averages 150 applications each year but in 2019 received only about 82. Future interest in working as an engineer for Kentucky state government is starting to wane.

Mr. McGaha said he is branch manager for project delivery and preservation in District 7, Lexington, which covers all construction and maintenance for Fayette, Jessamine, Scott and Woodford Counties. Staffing the maintenance crews has become difficult. The starting pay for an entry level maintenance employee is \$13.27/hour. Most county government maintenance crews pay more than that and even have annual cost-of-living adjustments. Mr. McGaha said that West Virginia recently granted its state employees a five percent cost-of-living adjustment. According to Jeffrey Fleck, Executive Director of the West Virginia Consolidated Public Retirement Board, back-to-

back pay raises appear to be persuading many West Virginia state employees and teachers to postpone retirement.

Mr. Gilpin emphasized that experience does matter and that Kentucky needs to ensure that there are experienced employees in the field. Many Transportation Cabinet jobs require specialized training, degrees, and professional licenses. The cabinet has the ability to hire contract workers, but the cost is much higher, and there would still be need for oversight by experienced and knowledgeable state employees. He said that he and Mr. McGaha appreciate Representative Tipton's help by filing BR 461. They urge the General Assembly to find money in the upcoming biennial budget to fund the cost-of-living adjustments. They said the pay increases are desperately needed and would greatly improve the cabinet's ability to provide needed services. Providing cost-of-living adjustments would also restore one thing that many state employees are missing—and that is “hope.”

Representative Tipton said he will request an official fiscal note. Preliminary numbers provided by budget staff indicate that every one percent increase in the CPI would cost \$11.9 million. Staff also informed him that the statute in question does not cover LRC or judicial branch employees; historically, when an increment was given, those employees were granted the same increment. To include LRC and judicial branch employees would cost an additional \$2.4 million for each one percent increase, for a total cost of approximately \$28.5 million for each year of the biennium.

Senator Thayer said the speakers made a good presentation and make a valid case. He is aware of the struggles and met earlier in the day with Transportation Secretary Gray, who also spoke of the problem. He said it is just a matter of finding the money. The General Assembly must strike a balance in the budget and cannot afford to jeopardize the progress that has been made in pension funding. When someone retires early there is a cost to the pension system because they are no longer making their employee contribution. Regarding the 36 Transportation engineers who retired early, he said he would be interested to know what the pension contribution savings would have been if they had not retired early, which could help offset the cost of a COLA. He suggested that perhaps the speakers could provide that information to the State Government Committee co-chairs.

Representative DuPlessis said he thinks BR 461 is a good bill, and he thanked Representative Tipton and the speakers. He said many of the Transportation employees are doing dangerous work for little money. It is necessary for the General Assembly to continue funding pensions, which play a large role in employee compensation. He does not know the answer but is hopeful the General Assembly can find a way to fund cost-of-living increases.

Representative Graviss said he appreciates the efforts of Representative Tipton and the speakers. He thinks BR 461 is a good bill that would help both the retirement systems and the Commonwealth. He said the KRS actuary, GRS Retirement Consulting, has said that Kentucky cannot sustain the payroll losses

it has been experiencing and still effectively meet its statutory obligation to provide services to citizens of the Commonwealth. Though some say the state cannot afford the pay increases, he believes the state cannot afford to not provide them. Kentucky needs to recruit and retain good workers and take care of its workforce, and that would be a good way to start.

Discussion concluded, and the meeting was adjourned at 3:05 p.m.

INTERIM JOINT COMMITTEE ON HEALTH, WELFARE, AND FAMILY SERVICES

Minutes of the 8th Meeting of the 2019 Interim December 9, 2019

Call to Order and Roll Call

The 8th meeting of the Interim Joint Committee on Health, Welfare, and Family Services was held on Monday, December 9, 2019, at 1:00 PM, in Room 154 of the Capitol Annex. Senator Ralph Alvarado, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Ralph Alvarado, Co-Chair; Representative Kimberly Poore Moser, Co-Chair; Senators Julie Raque Adams, Danny Carroll, Julian M. Carroll, Denise Harper Angel, Alice Forgy Kerr, Morgan McGarvey, and Stephen Meredith; Representatives Danny Bentley, Tina Bojanowski, Adam Bowling, Tom Burch, Daniel Elliott, Deanna Frazier, Robert Goforth, Joni L. Jenkins, Scott Lewis, Mary Lou Marzian, Melinda Gibbons Prunty, Josie Raymond, Steve Sheldon, Nancy Tate, Russell Webber, and Lisa Willner.

Guests: Adam Meier, Secretary, Kristi Putnam, Deputy Secretary, Cabinet for Health and Family Services; Elizabeth Caywood, Deputy Commissioner, Laura Begin, Legislative Liaison, Sara Vanover, Division Director, Jenny Thornhill, Prevention Branch Manager, Willa Suggs, Social Service Specialist, Regional Permanency Branch, Department for Community Based Services, Cabinet for Health and Family Services; Erin Smead, START Director, Raven Mosser, START Family Mentor, Boyd County, University of Kentucky College of Social Work, In partnership with Department for Community Based Services, Cabinet for Health and Family Services; Dr. Brian Harbrecht, Director of Trauma Surgery, Professor of Surgery, Division of General Surgery, University of Louisville; Dick Bartlett, BS, MEd, Emergency Preparedness and Trauma Coordinator Kentucky Hospital Association; Melissa Cahill, President, Louisville Chapter, National Eating Disorders Association; Meredith Cahill; Cheri A. Levinson, Ph.D., Assistant Professor, Department of Psychological and Brain Science, University of Louisville; Nicholas C. Peiper, Ph.D., M.P.H., Research Scientist, Pacific Institute for Research and Evaluation (PIRE), Assistant Professor, Department of Epidemiology and Population Health, University of Louisville; Dr. Ryan Alverson, Ph.D., Assistant Professor, Educational Foundations, Northern Kentucky University; Kara Davies, Ed.D,

Principal, Clark County Preschool; Kevin Middleton, President, United Way of Kentucky; Shannon Stiglitz, Vice President, Government Affairs, Kentucky Retail Federation; Cory Meadows, Deputy Executive Vice President, Director of Advocacy, Kentucky Medical Association; Tricia Okeson, Deputy Commissioner, Department for Public Health, Cabinet for Health and Family Services; Shannon Gadd, Commissioner, Department for Aging and Independent Living, Cabinet for Health and Family Services; Allison Adams, Director, Buffalo Trace District Health Department, President, Kentucky Health Department Association; and Sidney Fogle, Executive Director, Funeral Directors Association of Kentucky.

LRC Staff: DeeAnn Wenk, Ben Payne, Chris Joffrion, Dana Simmons, Becky Lancaster, and Hillary McGoodwin.

Approval of Minutes

A motion to approve the minutes of the November 18, 2019 meeting was made by Representative Burch, seconded by Senator Meredith, and approved by voice vote.

Consideration of Referred Administrative Regulations

The following administrative regulations were on the agenda for consideration: **902 KAR 020:370 Proposed** - Operations and services; private duty nursing agencies; **902 KAR 020:430 Emergency** - Facilities specifications, operation and services; behavioral health services organizations for mental health treatment; **922 KAR 001:320 Emergency** - Service appeals; **201 KAR 029:015 Proposed** - Fees; and **201 KAR 036:060 Proposed** - Qualifying experience under supervision. A motion to accept the administrative regulations was made by Senator Julian Carroll, seconded by Representative Burch, and accepted by voice vote.

Cabinet for Health and Family Services Summary

Adam Meier, Secretary, Cabinet for Health and Family Services (CHFS), stated that CHFS has been intentional and strategic about technology, data sharing, data integration, and using data trends to inform policy. CHFS has worked to facilitate cross-agency, cross-cabinet coordination. He stated that the citizens served by CHFS typically do not have one issue in isolation, so CHFS must work to maximize the limited engagement with them by serving the whole person. Coordination across Health and Human Services (HHS) programs is critical to holistically serve vulnerable populations. He reviewed a list of partners and programs that worked to facilitate cross-agency, cross-cabinet collaboration.

Kristi Putnam, Deputy Secretary, Cabinet for Health and Family Services, stated that CHFS built a new integrated HHS workforce engagement technology suite, the KEE Suite. CHFS incorporated a “shared governance” structure that removed hierarchy and cabinet lines and focused on project management. CHFS built incentives to improve outcomes, including financial literacy, health literacy, parenting, multi-generational health, fitness, employment, educational attainment, and income. CHFS established a multi-pronged substance use disorder policy framework, including removing the 16-bed limit and adding naloxone to covered treatments.

Secretary Meier stated that there was a 15 percent reduction in overdose deaths in Kentucky from 2017 to 2018. Kentucky and the University of Kentucky represent one of only four study sites across the United States selected by the National Institute on Drug Abuse, part of the National Institutes of Health (NIH), to receive an \$87 million HEALing Grant. CHFS has worked to build an inclusive and engaged HHS ecosystem. Ms. Putnam stated that CHFS has begun the Culture of Safety implementation, provided by Collaborative Safety, and started in the Department of Community Based Services (DCBS). Secretary Meier stated that understanding the barriers and the decision making process of the program participants and the workforce will improve workflows, workloads and outcomes. He stated that when there is insufficient evidence of promising programs getting good results, it is important to take additional steps to build evidence-based practices. Ms. Putnam stated that Kentucky is a leader in implementing the Family First Prevention Services Act.

In response to questions and comments from Senator Alvarado, Secretary Meier stated that if the entire Kentucky HEALTH waiver is withdrawn, there would be consequences especially in relation to the substance use disorder (SUD) and the technology portions of the waiver. He stated there is a way to amend the waiver that includes public comments. He stated that it would be prudent to take the time to study any impacts before doing a wholesale repeal because there could be consequences.

In response to questions and comments from Representative Burch, Secretary Meier stated that he was not aware of the entire \$1.1 billion budget shortfall that is projected. CHFS has submitted the additional budget requests. He stated that within the shortfall there are substantial costs related to litigation from 10 years ago. He stated there are increased costs for the Medicaid expansion population growth. He stated that CHFS is chronically under-funded in certain areas and CHFS will have budget challenges.

In response to questions and comments from Representative Willner, Ms. Putnam stated that state plan amendment was approved by the Centers for Medicare & Medicaid Services (CMS) on November 4, 2019. CHFS is in the process of implementation. CHFS is working with the Kentucky Department of Education to develop an operational framework for the School-Based Health Services (SBHS) program. Kentucky school districts can choose to participate the SBHS program to receive reimbursement for medical services provided to Medicaid eligible students through the schools.

In response to questions and comments from Representative Goforth, Secretary Meier stated that if the Kentucky HEALTH waiver is approved, that does not mean each component has to be implemented by the state.

Trauma System Issue

Dr. Brian Harbrecht, Director of Trauma Surgery, Professor of Surgery, Division of General Surgery, University of Louisville, stated that trauma remains the leading cause of death for young adults in the most productive years of life. The cost of caring for those who die from injury is high and there are costs associated with lost years of life. According

to the Centers for Disease Control and Prevention (CDC) data, the death rate from injury in Kentucky is 34.9 percent higher than the national average. The majority of injury related deaths occur in Eastern Kentucky many miles from the major trauma centers. Approximately one-half of the medical costs for trauma related care are paid by Medicare or Medicaid. The medical costs for fatal injuries are substantial and the costs associated with medical care, lost wages, and lost productivity for nonfatal injuries are significant. Trauma systems have been shown to save lives and decrease morbidity from injury.

Dr. Harbrecht stated that the Kentucky Trauma Care law was passed in 2008, but without state funding. There were provisions for a non-lapsing trauma fund should state money become available in the future. Due to support from the Kentucky Hospital Association (KHA), the voluntary efforts of the Trauma Advisory Committee, a dedicated trauma system family, the generosity of friends, foundations and grants, there is a Kentucky Trauma Care System with 22 verified trauma centers. He stated that the short-term goal is to secure a stable, on-going source of funding to support the operation and growth of the Kentucky Trauma Care System. He gave an overview of items and projects the funding would support.

In response to questions and comments from Senator Alvarado, Dr. Harbrecht stated that to fully fund the Kentucky Trauma Care System, it would take and investment of \$10 to \$20 million. He stated that Trauma Care System is requesting a fraction of those costs to make incremental progress with quality control and education efforts. Mr. Bartlett stated that one source of funds may be a program similar to the Georgia Super Speeder program that has created a reliable stream of income.

Treatment for Eating Disorders

Melissa Cahill, President, Louisville Chapter, National Eating Disorders Association, stated that the Louisville Center for Eating Disorders is the only specialty treatment center for eating disorders in Kentucky. Eating disorders are devastatingly serious for the individuals affected and also to the entire family and support system. The National Eating Disorder Association created and administered the Body Project, a body acceptance and prevention program, to over 500 young women in Kentucky. Meredith Cahill, diagnosed at 14 with an eating disorder, shared how her life was affected by the lack of treatment options for eating disorders in Kentucky.

Cheri A. Levinson, Ph.D., Assistant Professor, Department of Psychological and Brain Science, University of Louisville, stated that eating disorders have a high mortality rate, often become chronic illnesses, and are costly. In Kentucky there are approximately 29,804 children with an eating disorder. The one eating disorder facility in Kentucky only has outpatient and intensive outpatient care. There is not a program in the United States that accepts Medicaid for a higher level of eating disorder care.

Nicholas C. Peiper, Ph.D., M.P.H., Research Scientist, Pacific Institute for Research and Evaluation (PIRE), Assistant Professor, Department of Epidemiology and Population Health, University of Louisville, shared data regarding eating disorder

behaviors among Kentucky high school students, ages 14 to 18 years old. Approximately 47.1 percent of high school students are trying to lose weight. The prevalence of eating disorders among high school students in Kentucky was higher than the national average. Eating disorders affect people of all sizes. When compared to Kentucky students who are not at risk for eating disorders, students who are at risk are five times more likely to make a suicide attempt.

Dr. Levinson stated that severe eating disorders can require inpatient and residential treatment. The average monthly cost of inpatient treatment for eating disorders is \$68,000. The average monthly cost of a residential eating disorder program is \$30,000. When left untreated, eating disorders can lead to medical complications such as heart failure, kidney failure, osteoporosis, diabetes, stroke, gastric rupture, or hypoglycemia. Preventative measures can reduce incidence and slow the development of eating disorders in at-risk populations. Professionals and schools can be trained to detect, prevent, and treat eating disorders.

Melissa Cahill proposed that the state establish a Kentucky Eating Disorder Council to work in conjunction with CHFS, the Department for Behavioral Health, Developmental and Intellectual Disabilities, and the Department of Education. The overall charge of council is to create and oversee more access to treatment and education throughout the state. Ms. Cahill suggests the council would add an assessment of eating disorders in state-wide assessments, identify eating disorder research projects, and other actions. The Kentucky Eating Disorder Council would save lives, help children and youth, and prevent costs to the state.

In response to questions and comments from Representative Marzian, Dr. Levinson stated that anorexia is more likely to occur in women however, bulimia nervosa has higher rates with men. Binge eating disorders occur equally in men and women. The treatment for an eating disorder is multidisciplinary. Patients work with a team that includes a psychologist or therapist, dietician, and sometimes a prescriber. There are not FDA approved medications for eating disorders but medication can be helpful with anxiety and depression that often come with an eating disorder. It is very important to have providers that are trained in eating disorders delivering the treatment.

In response to questions and comments from Representative Raymond, Dr. Levinson stated that The Body Project has been shown to prevent eating disorders. She stated that more training for providers, such as pediatricians, to recognize eating disorders is needed for patients to access early treatment and prevention. Melissa Cahill stated that The Body Project is an evidence-based program focused on young women in high school. Some high schools have put The Body Project into their health curriculum. The Body Project promotes body acceptance. The National Eating Disorder Association is working on similar program for men called More Than Muscle.

In response to questions and comments from Representative Willner, Dr. Levinson stated that she hopes the Kentucky Eating Disorder Council will figure out the barriers to care in Kentucky and how to overcome them.

In response to questions and comments from Representative Sheldon, Dr. Levinson stated that the Louisville Center for Eating Disorders has outpatient and intensive outpatient care and hoping to open a partial hospital program by the end of 2020. The center is clinically ready to open a partial hospital program but because eating disorders are not prioritized, the center is unable to get insurance contracts to pay adequately for the program. Kentucky needs to work towards having partial residential and inpatient care for eating disorders, otherwise young children will still be sent out of state for care.

Kentucky Strengthening Ties and Empowering Families (KSTEP) and Sobriety Treatment and Recovery Team (START) Programs

Elizabeth Caywood, Deputy Commissioner, Department for Community Based Services (DCBS), Cabinet for Health and Family Services, stated that DCBS intends to incrementally expand KSTEP and START utilizing federal funding. DCBS is setting national policy and practice with the early implementation of the programs. Child welfare is a continuum of services including front-end prevention services, child protective services, in-home services, relative or foster care, youth transition services, and adoption services. There has been a recent increase in the number of foster homes, the number of annual public agency adoptions, and the number of children who are reunified with their homes of origin. In state fiscal year (SFY) 2019, DCBS spent \$476 million on foster care and \$18 million on prevention services. She stated that more front-end prevention services are less costly and increasingly effective. The 2018 Family First Prevention Services Act is a start to building a 21st century child welfare system.

Erin Smead, START Director, University of Kentucky College of Social Work, in partnership with the Department for Community Based Services, Cabinet for Health and Family Services, stated that Kentucky child welfare leadership began planning to implement START in 2006 because of the high rates of children coming into out-of-home care due to parental substance use. START has been implemented in Kenton, Boone, Campbell, Jefferson, Boyd, Martin, Daviess, and Fayette counties. START is a Child Protective Services (CPS) program for families with parental substance use disorders and child maltreatment. START combines the best practices in child welfare, courts, and substance use disorder treatment to help parents achieve recovery and keep children in the home with family when possible and safe. START is recognized on the California Evidence Based Clearinghouse for Child Welfare. START serves CPS involved families with a substance exposed infant or young children up to five years old.

Ms. Smead stated that START provides an intense and coordinated CPS service delivery model with quick intervention for families upon receipt of CPS referral. The goal is for START to become involved with a family within 24 hours to 10 days upon receipt of a CPS referral. START pairs a CPS worker with a family mentor that share a caseload of 12 to 15 families. START participants have weekly home visits by the CPS worker with a family mentor. There is a non-punitive approach and a focus on

shared decision making for the participants. The plan for families includes quick access to holistic substance use disorder (SUD) assessments and treatment within 48 hours. She stated that women in START have nearly double sobriety rate of non-START counterparts. Children in START are about half as likely to enter foster care. At case closure, over 75 percent of START kids remained with or were reunified with their parent(s). For every dollar spent on START, approximately \$2.22 is saved in foster care costs.

Jenny Thornhill, Prevention Branch Manager, Regional Permanency Branch, Department for Community Based Services, Cabinet for Health and Family Services, stated that KSTEP is similar to the START program, created to serve rural or resource poor areas. KSTEP serves children up to age nine. KSTEP was established in 2017 and serves eight counties. KSTEP provides immediate access to intensive in-home services and substance abuse treatment from community mental health centers. The program runs for approximately eight months. KSTEP works to eliminate barriers to accessing treatment. KSTEP has served 578 children with the program evaluations showing that 95 percent of children have been able to remain safely in their home. KSTEP provides transportation and pay for drug screens, and has a moderate flexible funding in case of emergency to help support the participants. KSTEP's in-home providers jointly make the program evidence based and trauma informed. KSTEP uses motivational interviewing, cognitive behavioral therapy, and solution based casework, along with evidence based assessment tools.

Raven Mosser, START Family Mentor, Boyd County, University of Kentucky College of Social Work, in partnership with Department for Community Based Services, Cabinet for Health and Family Services, shared her personal experiences with substance use, recovery, and becoming a START family mentor.

Willa Suggs, Social Service Specialist, Regional Permanency Branch, Department for Community Based Services, Cabinet for Health and Family Services, shared her experiences as a foster parent of multiple children and working as a special needs adoption coordinator.

In response to questions and comments from Representative Gibbons Prunty, Ms. Thornhill stated that DCBS would like to see KSTEP be implemented state-wide. KSTEP was piloted in Northeast Kentucky based on need and data on substantiated child abuse and neglect cases where substance abuse was a direct contributing factor.

Quality Childcare and Public Preschool Partnerships: Supporting Working Parents

Dr. Ryan Alverson, Ph.D., Assistant Professor, Educational Foundations, Northern Kentucky University, stated that by the age of five a child's brain is 90 percent of the adult brain weight. The Center on the Developing Child at Harvard University states that 700 new neural connections are formed every second. The different neural connections impact different functions and develop sequentially. In 2019, 51.1 percent of children entering kindergarten were assessed as ready, leaving one-half of the state's

children behind before the start of school. Children not reading on grade level by third grade are three times more likely to not graduate high school. The Preschool Partnership Grant's purpose is to increase access to full-day quality preschool programming through strengthening of partnerships, especially for child care assistance program (CCAP) eligible families. The Kentucky Preschool Partnership Grants are funded from portion of existing state-funded preschool monies. Expanding access to quality preschool programming provides working parents with full day preschool options for their children.

Dr. Alverson stated that each district has met the purpose for the partnership grant through different means, while all districts and partners provide a holistic, systematic approach for meeting the needs of the families. Each model looks different. The grant has allowed partnerships to focus money on where it is most needed in the respective communities. The rolls and processes often differ but the outcomes of support for families and children are often the same. The Kentucky Preschool Partnership Grants have impacted the quality of preschool programming by increasing the access to the program for CCAP eligible children and work to meet the needs of Kentucky families.

Kara Davies, Ed.D, Principal, Clark County Preschool, stated that Clark County Preschool is closing achievement gaps in early childhood education. The preschool program is serving at risk three and four year old students. The students qualify for the program based on income, disability, foster care, or homeless status. There are many stakeholders impacting the care and education of the students. The partnerships are vital in achieving the goal of kindergarten readiness for all students. Along with Bluegrass Children's Academy, Clark County Preschool developed mobile classrooms designed to improve quality programming throughout the community. The mobile classrooms served as training tool for educators and exposed children to high quality instruction in their current setting. The grant increased the duration of the school day to a full day of six hours of instruction. Grant funding provided extended-year summer programming for six weeks with free transportation and meals for the children. Clark County Preschool saw an overall seven percent increase in kindergarten readiness and a 12.5 percent in kindergarten readiness scores for state funded preschool students.

Kevin Middleton, President, United Way of Kentucky, stated that it is critical to expand access for at risk children to high quality preschool services including prenatal care, infant care, toddler care, public and private preschool, Head Start, and early Head Start programs. Income support programs and tax policies that support work and help families to become financially stable are important for Kentuckians. He stated that improving results in early childhood leads to better outcomes for children throughout their lives. The United Way of Kentucky believes that an increase to the Child Care Assistance Program funding to support eligibility up to 200 percent of the federal poverty level (FPL) is vital to adequately support working families and young children. He stated that to keep families on

track an increase to the public preschool eligibility to 200 percent of FPL is also needed. Kentucky should continue support for private-public preschool partnership incentive grants that are distinct from public preschool funding.

In response to questions and comments from Representative Moser, Ms. Davies stated that funding is different in every county. Clark County has a partnership with Head Start for funding. Clark County has state funded preschool programs and the Preschool Partnership Grant. The Preschool Partnership Grant funding came out of the overall preschool budget and therefore the amount per pupil went down.

In response to questions and comments from Representative Raymond, Mr. Middleton stated that \$26 million goes towards funding the Child Care Assistance Program. The full cost of operating the Child Care Assistance Program is \$175 million with a considerable amount that comes from the federal government to support the program.

2020 Legislation

20 RS BR 9, AN ACT relating to prescription drugs, sponsored by Representative Danny Bentley. Representative Bentley stated that BR 9 would require health or commercial insurers to count all payments made by patients directly or on their behalf towards the deductible and overall out-of-pocket maximum payments unless there is a generic option available. This bill would protect patients from unexpected bills and ensure they can utilize the help that pharmaceutical manufacturers provide to patients.

Cory Meadows, Deputy Executive Vice President, Director of Advocacy, Kentucky Medical Association (KMA), stated that studies show that when the patients' share of prescription costs become too high, many patients skip doses, ration, or stop their medications leading to higher medical costs. Treatment options should be determined by the physicians and patients not by an algorithm that helps insurance companies save money.

In response to questions and comments from Representative Sheldon, Representative Bentley stated that he would be open to an amendment that would lower the patients' prescription costs even more.

20 RS BR 269, AN ACT relating to public health, making an appropriation therefor, and declaring an emergency, sponsored by Representative Kimberly Poore Moser. Representative Moser stated that BR 269 relates to the Kentucky Department for Public Health (DPH) transformation plan. The DPH faces unprecedented challenges related to the increased pension contribution requirements. The DPH and local health departments helped to find the core and foundational services. BR 269 will establish a funding formula in statute. BR 269 allows DPH to provide fair and equitable services and funding across Kentucky. BR 269 controls costs and relieves the instability of the system. BR 269 allows local health departments to identify its own local priorities.

Tricia Okeson, Deputy Commissioner, Department for Public Health, Cabinet for Health and Family Services, stated that the DPH's goal is to work together for an efficient, sustainable, and accountable public health system focused on producing better

health outcomes for all Kentuckians. The Public Health Transformation will prevent duplication of effort, reduce waste internally and externally, and support data-driven decisions to best promote community health outcomes. She listed the five focus areas with statutory and regulatory defined services and specified three programs that will be prioritized by the DPH. Ms. Okeson stated that the proposed legislation outlines the Public Health Transformation structure in statute to ensure accountability at the state and local levels in the future. She also listed additional features of the proposed legislation.

Allison Adams, Director, Buffalo Trace District Health Department, President, Kentucky Health Department Association (KHDA), stated that the funding model proposed provides equitable funding to provide statutorily mandated services across Kentucky. KHDA has worked on the funding model for five years and have vetted it through the association.

20 RS BR 313, AN ACT relating to mental health first aid training and making an appropriation therefor, sponsored by Representative Kimberly Poore Moser. Representative Moser stated that BR 313 seeks to put tangible tools in the hands of providers who are working with people who may potentially have a mental health issue. Kentucky has a substance use and addiction issue resulting in 1333 overdose deaths in 2018. In 2017, and there were 766 Kentuckians that died by suicide. Mental health first aid is a nationwide, evidence based training curriculum that teaches individuals how to identify, understand, and respond to signs and symptoms of mental distress and substance use. The training will be offered to educators, law enforcement, fire fighters, first responders, military personnel, faith based organizations, and others as requested. BR 313 establishes a trust fund which can accept state and federal allocations, grants, or private donations to fund the curriculum. The program will be managed and administered by the Cabinet for Health and Family Services.

Wendy Morris, Commissioner, Department for Behavioral Health, Developmental and Intellectual Disabilities (BHDID), Cabinet for Health and Family Services, stated that the mental health first aid training is a powerful tool that will help with early identification, intervention, and access to treatment that will help the individual and social outcomes. The training includes eating disorders and attention deficit disorders and gives people the basic skills to communicate and offer support to people in need.

Dr. Wanda I. Figueroa, Chief Executive Officer, RiverValley Behavioral Health, stated that RiverValley is the largest behavior healthcare provider in Western Kentucky. RiverValley also serves rural areas that have difficulty accessing mental healthcare services. According the United States Department of Health and Human Services, Kentucky has the highest child abuse rate in the country. The child abuse rate in Kentucky is double the national average. Suicide is the second leading cause of death for ages 10 to 24. She stated that one in five children will have a mental health condition. When mental health is unaddressed, it can lead to poor quality of life, family instability, and economic stagnation. RiverValley identifies

the mental health first aid training as a vehicle to jumpstart a community health campaign. The mental health first aid training is evidence based and is rooted in science and best practices. The mental health first aid training provides real life, hands-on solutions. RiverValley has provided the mental health first aid training to over 500 members of local area school personnel, personnel from community colleges, first responders, faith leaders, and community agencies.

20 RS BR 423, AN ACT relating to the disposition of human remains, sponsored by Senator Stephen Meredith. Senator Stephen Meredith stated that the Kentucky Department for Aging and Independent Living (DAIL), the Division of Guardianship Services cannot make a decision regarding the disposition of human remains, a court order is required. It is becoming increasingly difficult to find family to accept responsibility or when family is found many times they are not willing to provide the financial resources for an appropriate burial. BR 423 permits the Division of Guardianship Services to allow a cremation when all other avenues have been exhausted. This bill would help to keep people from waiting in the morgue for weeks or months at a time. DIAL provided a letter in support of BR 423 with examples of long wait periods for burial or cremation.

Shannon Gadd, Commissioner, Department for Aging and Independent Living, Cabinet for Health and Family Services, stated that most states include guardians appointed at the time of death as an individual who can make a decision regarding the disposition determination. BR 423 would make a difference in the life and death of a person under the care of the state. Sidney Fogle, Executive Director, Funeral Directors Association of Kentucky, stated that he completely supports BR 423.

In response to questions and comments from Senator Alvarado, Senator Meredith stated that some counties have indigent burial funds but sometimes those accounts are not funded in rural communities. The funds are a provided by churches, individuals, and the charity of others to make the payments. Mr. Fogle stated that in many cases the individuals have funds set aside for burial or cremation however there is not anyone to sign off on the final disposition. BR 423 will allow guardianship to sign for the final disposition. Ms. Gadd stated that DAIL will first look at burial policies for individuals and sometimes there are not funds to pay for a burial but could cover the costs of a cremation.

Adjournment

There being no further business, the meeting was adjourned at 3:50 PM.

INTERIM JOINT COMMITTEE ON AGRICULTURE

Subcommittee on Equine Issues

Minutes of the 1st Meeting

of the 2019 Interim

November 18, 2019

Call to Order and Roll Call

The 1st meeting of the Subcommittee on Equine Issues of the Interim Joint Committee on Agriculture was held on Monday, November 18, 2019, at 8:30 AM, in Room 129 of the Capitol Annex. Senator Stephen

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

Present were:

Members: Senator Stephen West, Co-Chair; Representative Brandon Reed, Co-Chair; Senators Dennis Parrett and Robin L. Webb; Representatives Matthew Koch, Phillip Pratt, Rob Rothenburger, Wilson Stone, James Tipton, Susan Westrom, and Les Yates.

Guests: Nancy Cox, Ph.D., Dean, UK College of Agriculture, Food and Environment, Dr. James MacLeod, Director, Ag Equine Programs, University of Kentucky, Sean Beirne, Director of Equine Programs, University of Louisville, Marc A. Guilfoil, Executive Director, Kentucky Horse Racing Commission, Jamie Eads, Deputy Executive Director, Kentucky Horse Racing Commission, and Dr. Bruce A. Howard, Interim Equine Medical Director and Chief State Veterinarian.

LRC Staff: Stefan Kasacavage, CSA and Susan Spoonamore, Committee Assistant.

Discussion of the University of Kentucky's Ag Equine Program

Nancy Cox, Ph.D., Dean, College of Agriculture, Food and Environment, University of Kentucky stated that pharmacology and racetrack safety have been added to the Ag Equine Programs. More than 50 faculty and staff provide expertise and scientific approaches to equine management.

Dr. James MacLeod, Director, Ag Equine Programs, University of Kentucky, said that equine science is broadly defined to include veterinary health issues, plant and soil sciences, and engineering and economic issues. He said there were 330 students enrolled in the Equine Science and Management Undergraduate Program. As of 2019, the program had graduated 418 students, and the majority of those graduates were staying in horse affiliated professions. Mr. MacLeod also noted that there is ongoing research to ensure horse and rider safety.

In response to Representative Stone, Dr. Cox said that 13 percent of the unknown alumni employment in equine science and management was due to inadequate data or no response to information requests.

In response to Representative Tipton, Dr. Cox said that there is collaboration with the community college programs, but the University could do better helping those with associate degrees.

In response to Senator West, Dr. Cox stated that cannabidiol (CBD) research for use in equine products was being conducted in the Veterinarian Science Department at the Gluck Center. She said even though there had been positive results, everything was still in the early stages of research. It will be difficult to get CBD approved for animal feed because of the regulatory process. The research has to be referred to the American Feed Certifying Organization (AFCO) for approval. As to a timeline, Dr. Cox said it would probably follow sometime after approval for humans.

Discussion on the University of Louisville's Equine Programs

Sean Beirne, Director of Equine Programs, University of Louisville, stated that the Equine Industry Program had been developing leaders, not

only in the sport of horseracing, but also in the equine industry as a whole. The program had graduated approximately 340 students, and several of those students had gone on to pursue prestigious careers in the equine industry. The Racing Official Accreditation Program (ROAP) recently hosted a continuing education program with 24 stewards/judges receiving credits. In addition, there is now a Fall Speaker Series that focuses on business issues important to the equine industry. The three main goals of the Equine Industry Program are teaching, research, and service.

In response to Representative Reed, Mr. Beirne stated that the commercials, airing on the local news, were mainly for public awareness. However, the new commercials will be geared toward recruiting new students into the equine program.

In response to Senator West, Mr. Beirne said that sports gaming was discussed at the Fall Speaker Series. The final conclusion of the panel was that racing and sports wagering could co-exist. There have been success stories and it would be good for Kentucky to take advantage of sports gaming.

Update on Horse Racing in Kentucky

Marc A. Guilfoil, Executive Director, Kentucky Horse Racing Commission (KHRC) said that horse racing is now a 365-day sport in Kentucky. The KHRC employs 37 full-time staff, of which 22 work out of the office in the field. Since last year, two race tracks closed and one new race track opened in Oak Grove. The purchasers of Ellis Park plan to spend a substantial amount of money in order to provide better facilities for the safety of horses and trainers. Kentucky Downs has also changed hands, and the purchasers are looking to spend \$25 million for improvements to their infrastructure. Mr. Guilfoil stated that Churchill Downs will also be renovating Turfway Park. So far, over \$500 million has been invested towards infrastructure in the equine industry. The commission also handles other issues pertaining to the horse racing industry such as the use of Lasix, among other things.

Jamie Eads, Deputy Executive Director, Kentucky Horse Racing Commission and the Division Director for Incentives and Development, stated that the incentive programs are unique in that Kentucky has 13 different breeds of horses. Since 2006, the Kentucky Thoroughbred Breeders' Incentive Fund (KTBF) had awarded \$155 million to Kentucky breeders for winning races worldwide. In 2018, breeders were awarded \$14.2 million, which is a 10-year high. For 2019, over 9,335 mares were nominated for pregnant mares, weanlings and yearlings. Ms. Eads said that Kentucky-bred horses represented 64 percent of the fields at the Breeders' Cup World Championships. The number of thoroughbred stallions and mares bred in North America was slightly down, but Kentucky still remained the leading center for breeding. The Kentucky Thoroughbred Development Fund receives a portion of the tax on all thoroughbred wagers at Kentucky racetracks. Over the last three years, there had been a significant increase in purse distributions. The Standardbred programs combine two taxes; 13 percent of the 6 percent stallion tax and the pari-mutuel tax in order to fund the Kentucky Sire Stakes. The Kentucky Sire Stakes also includes a Fayette Fest that showcases equine education and all things

Kentucky. Another program is the All Other Equine Breeds which represents and distributes incentives to 11 approved, non-racing, Kentucky affiliates. The KTBF had distributed over \$14 million since 2006. There is also a Kentucky Quarter Horse Paint Appaloosa Arabian Development Fund (KQPAADF), but no funds have been distributed due to lack of participation.

Representative Koch emphasized how important that the Kentucky Breeders' Incentive Fund is to the breeders and to the fiscal impact that it has for Kentucky.

In response to Representative Tipton, Mr. Guilfoil stated that the court case, now in the Kentucky Supreme Court, involves pari-mutuel wagering on horse racing, it is not about taxes. If the court ruled that there was a problem with pari-mutuel wagering, then the horse industry would try to change it. The financial loss would adversely affect the horse racing industry's incentive programs, as well as the state general fund and other entities. The money is also used to supplement the purses at the racetracks, and Kentucky needs that money to stay equal with other states.

In response to Senator West, Mr. Guilfoil stated that the court case has been sent to the Kentucky Supreme Court, but there has been no indication as to the date of a ruling. Ms. Eads said that any additional money that goes into the Kentucky Thoroughbred Development Fund is distributed to each track to help with increasing purse sizes, adding races, and improving the facilities.

In response to Representative Westrom, Mr. Guilfoil said that there has been very little conversation regarding taxes for equine goods.

Dr. Bruce A. Howard, Interim Equine Medical Director and Chief State Veterinarian, stated that there is a team of six veterinarians who work each racetrack. Their number one priority is the safety of the equine athletes and the riders. Any horse that is entered to race is examined by a team of veterinarians. If an abnormality is found during the examination, then that horse is scratched unless the horse shows improvement.

In response to Senator West, Dr. Howard said that the breakdown of horses is a multifactorial problem. There are changes coming as to when certain drugs can be administered before race day. It is important that private veterinarians be included in the process to assist in noting abnormalities. The changes in procedures will have to go through regulations.

Meeting adjourned.

TASK FORCE ON ELECTRONIC RECORDING OF OFFICIAL DOCUMENTS BY COUNTY CLERKS

Minutes of the 4th Meeting of the 2019 Interim

November 20, 2019

Call to Order and Roll Call

The 4th meeting of the Task Force on Electronic Recording of Official Documents by County Clerks was held on Wednesday, November 20, 2019, at 11:00 AM, in Room 171 of the Capitol Annex. 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 Morgan McGarvey and Stephen West; Representative Brandon Reed; Don Blevins, Michael Chodos (via audio), Debbie Donnelly, Brent Eisele, Russell Ford, Erica Galyon, Mark Ladd, John McGarvey, Stephanie Schumacher, Debra Stamper (via audio), Gabrielle Summe, Pam Thompson (via audio), Barry Tuemler, and Tim Vaughan.

Guests:

LRC Staff: Dale Hardy, Randall Roof, and Yvonne Beghtol.

Approval of the Minutes

Representative Reed made a motion to approve the October 2, 2019 minutes, seconded by Don Blevins, approved by voice vote.

Chairman Fischer began by affirming that this Task Force Committee is scheduled to meet four times during the 2020 Interim and will then issue a report to the General Assembly.

Kentucky Land Title Association

Barry Tuemler, 1st American Title Insurance Company, stated the priority for real estate professionals is to have uniform regulations adopted and implemented across the state. Mr. Tuemler suggested a draft of regulations that mimic those from other states that have adopted RULONA. Two areas the American Land Title Association considers of utmost importance are digital certification to ensure tamper-proof documents and identity verification.

In response to Chairman Fischer, Mark Ladd, Simplifile, confirmed that these two topics are addressed in other states' regulations. Erica Galyon, Assistant Secretary of State, stated that the regulations presented by Mr. Tuemler are similar to those the Secretary of State's Office recently sent to the general counsel of the Uniform Law Commission, and will be put into effect by January 1, 2020. Mr. Tuemler confirmed that if these regulations are adopted, the 1st American Title Insurance Company will be able to issue title insurance in Kentucky.

In response to John McGarvey, Morgan Pottinger McGarvey PSC, Chairman Fischer confirmed that the Kentucky Land Title Association will provide a Word document version of the handout so comparisons with the promulgated regulations will be easier.

PRIA Standards

Mark Ladd, Simplifile, informed the committee that Property Records Industry Association (PRIA) sets the national best practices and technical standards

for county recorders regarding electronic recording. PRIA is comprised of the public sector, title companies, and technology vendors. Technology standards can be modified to meet local requirements. The extensible markup language (XML) enables computers to talk to each other. The second version of XML is currently in use, and PRIA is working on the third version. All of the technology vendors in this realm have products based on the PRIA standards. PRIA's XML coordinates between the mortgage and land title industries to ensure inter-operability across the life of a loan. PRIA has published a recorder's guide, a submitter's guide, and eRecording best practices for recorders. The general recording best practices includes the indexing of names and parties, notary best practices, real estate document formatting, land record management systems, and traditional assurances for electronically recorded documents. Mr. Ladd reviewed the Midwest model versus the west coast, and encourages the Midwest standards. Mr. Ladd added that policy needs to be set not only for online notarization, but also for in-person electronic notarization. Mr. Ladd highly recommends the comprehensive and concise PRIA eRecording regulations adopted by Connecticut.

In response to Mr. McGarvey, Mr. Ladd stated that PRIA will provide as much advance notice as possible when updates and changes to PRIA's standards are being made, so the regulations can be amended as needed.

In response to Ms. Summe, Senator West stated that it would be best to have changes to regulations made explicitly. Ms. Galyon added that the Secretary of State's office does not have the statutory authority to regulate electronic recording. Don Blevins, Fayette County Clerk, verified that there is no entity to oversee or maintain a manual for county clerks to record documents, and suggests that one be established. Mr. Ladd added that most states do not have oversight by a state regulatory body and have commissioned a rule-making authority. In response to Mr. McGarvey, Mr. Blevins stated that clerks would welcome the adoption of statewide standards and would like to have representation with any future entity that would create those standards. Senator West stated that implementing the process for new regulations will take approximately two years and the focus now needs to be on regulations for implementing RULONA to achieve uniformity.

In response to Brent Eisele, Foundation Title and Escrow, Ms. Summe confirmed that the county clerks association adopted the PRIA standards for recording. Ms. Summe stated that holographic wills fall under a different category, but deeds would have to be typed. Mr. Ladd stated that PRIA standards does not directly address the issue of a deed that met the standards of its time, was lost, then found, and is now unrecordable. Ms. Summe stated that most county clerk would handle this under a common sense action and not reject it based on a formatting issue. In response to Chairman Fischer, Mr. Ladd stated that Wisconsin accepts documents found in the previous format and records it rather than adhering to the recently adopted formatting guidelines.

In response to Brent Eisele, Ms. Summe confirmed that contracts will need to be typed. If a portion is handwritten it would not invalidate the

contract.

Mr. Blevins stated that fee language and some other issues that were not intended under SB 114 need to be addressed in the upcoming session. Ms. Summe would like the language pertaining to document storage fee to be more protected on behalf of the clerks. Currently, 75 percent of the fee is available to county clerks for use while the other 25 percent goes to the fiscal courts. Some counties do not turn over the excess fees until their term ends, whereas other counties submit it on a yearly basis. Chairman Fischer suggested putting these issues into bill form and submitting it to him to relay to Representative Petrie.

Mr. McGarvey mentioned that a uniform act on electronic wills will be a future legislative priority, but no states have adopted it at this time.

In response to Mr. Eisele, Ms. Summe stated she is putting together a resolution for the adoption of the PRIA standards.

Adjournment

There being no further business, the meeting adjourned at 12:10 PM.

INTERIM JOINT COMMITTEE ON LICENSING, OCCUPATIONS, AND ADMINISTRATIVE REGULATIONS

Minutes of the 6th Meeting of the 2019 Interim

December 16, 2019

Call to Order and Roll Call

The 6th meeting of the Interim Joint Committee on Licensing, Occupations, and Administrative Regulations was held on Monday, December 16, 2019, at 10:00 AM, in Room 149 of the Capitol Annex. Representative Adam Koenig, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator John Schickel, Co-Chair; Representative Adam Koenig, Co-Chair; Senators Tom Buford, Denise Harper Angel, Damon Thayer, and Reginald Thomas; Representatives Tom Burch, Al Gentry, Thomas Huff, Matthew Koch, C. Ed Massey, Chad McCoy, Jerry T. Miller, Phillip Pratt, and Buddy Wheatley.

LRC Staff: Tom Hewlett, Bryce Amburgey, Jasmine Williams, Melissa McQueen, and Lisa W. Moore

Guests: Doug Gallenstein, Owner, Stadium Liquor Store; Karen Thomas-Lentz, Kentucky Liquor Retailer Coalition; Dr. Marty Pollio, Jefferson County Public Schools; Abby Piper, Government Affairs, Jefferson County Public Schools; Tony Florence, Kentucky Smoke Free Association; Cindy Castle, Chairperson, Kentucky Board of Ophthalmic Dispensers; and Bob Babbage, Babbage Cofounder.

Approval of minutes from November 20, 2019, meeting

Senator Schickel moved to approve the minutes from the November 20th, 2019, meeting, and Senator Thayer seconded the motion. The motion was approved by voice vote.

Constitutionality of Sports Betting

Dan Wallach, JD, Wallach Legal LLC, said Kentucky's constitution does not impede the legislature from voting to allow sports wagering. He noted Section 226 (3) of the Kentucky Constitution prohibits only "lotteries and gift enterprises," not all forms of gambling. As recognized by Kentucky's highest court, the framers of the Constitution expressly rejected a proposal to expand the prohibition to include other forms of gambling, including sports betting. Mr. Wallach noted sports betting is not expressly prohibited by the Kentucky Constitution.

Mr. Wallach said the term "lottery" is not defined in the Constitution. For guidance, he researched the debates surrounding the Constitutional Convention of 1890 for evidence of the framers' intent. In 1892, Delegate John Thompson Funk proposed to add an amendment that would include all forms of gaming, however, the delegate voted the amendment down 52-38. He said it is clear that this debate was settled 130 years ago and the proceedings and debates in the Constitutional Convention are proof that lotteries do not include sports betting.

Mr. Wallach said the Court of Appeals concluded in *Kentucky Jockey Club* that gaming, betting, and lotteries are separate and distinct things in law and fact, and have been recognized consistently as calling for different treatment and varying penalties. Although more than 85 years have passed since the *Kentucky Jockey Club* opinion was entered, it still provides the most thoughtful and relevant analysis of the questions at hand. It is clear by the debate surrounding the Constitutional Conventions of 1890, the relevant Kentucky case law (including the *Kentucky Jockey Club* decision, and advisory opinions from the state's attorney general), the following constitutional conclusions can be drawn: 1) the term "lotteries," as used in Section 226, is "separate and distinct" from other forms of gambling, including sports betting and pari-mutuel betting on horse races; 2) the constitutional prohibition on "lotteries" is to be read narrowly; 3) the object of Section 226 was simply to prohibit the sale of "lottery licenses," and not reach "other forms of gambling," for which there were already statutory prohibitions on the books; 4) other forms of gambling were intentionally excluded from this prohibition; 5) the framers of the Constitution even considered a proposed amendment that would have expanded the reach of Section 226 to include sports betting, but rejected it; 6) hence, there is no constitutional barrier to the legalization of sports betting; and 7) the legislature is free to legalize sports betting through the enactment of a statutory regime.

Mr. Wallach said sports betting is not a constitutionally-prohibited lottery because lotteries are games of chance, whereas wagering on sports requires a substantial amount of skill to be successful. While Kentucky's Constitution distinguishes lotteries from other forms of gambling, the Constitution itself does not define the term "lottery." Kentucky courts have described a lottery as "a species of gambling," defining it as a "scheme for the distribution of prizes or things of value purely by lot or chance among persons we have agreed to pay consideration for the chance to share in the distribution."

By contrast, wagering on sporting events is widely considered to be a contest of skill, requiring

substantial skill and knowledge to succeed. In other words, it is the antithesis of a random-chance lottery. This is amply supported by a number of state attorney general opinions including Michigan, New York, Colorado, Tennessee, and West Virginia. It is notable that of the 19 states that legalized sports betting since the fall of the Professional and Amateur Sports Protection Act of 1992, at least eight have constitutional bans against lotteries. Yet, there has not been a single challenge made to any of these state laws on the basis that their state-authorized sports wagering systems are somehow in violation of their state's constitutional ban on lotteries. Nor can there be. Such an assertion would be belied by the clear distinction between "skill-dominant" sports wagering and "random-chance" lotteries, and by the opinions of multiple state attorney generals.

Mr. Wallach said federal law also recognizes the distinction between sports betting and a lottery. Several federal statutes exclude sports wagering from the definition of a "lottery," and federal law authorities have asserted that wagering on sporting events requires a substantial amount of skill. Finally, because of the obvious similarity between betting on horse racing and betting on sports, it is helpful to look at various cases involving horse racing. He noted the outcome was the same. As explained by Tennessee's attorney general: Courts have generally reasoned that chance does not control the outcome of horse races because the skill of the jockey and the condition, speed, and endurance of the jockey's horse are all factors that affect the results of the race. Moreover, bettors on horse races have sources of information that they may review before placing their bets. This information includes not only data on the actual race, but also previous records on the past performance of the jockeys and the horses. These sources allow the bettor to exercise his judgment and discretion in determining the horse on which to bet. Thus, courts generally reason that chance does not predominate. Even betting on dogs, commonly referred to as greyhound racing, entails a significant degree of skill.

Mr. Wallach's view, based on the wide spectrum of federal and state sources of law, is that the legislature is free to enact legislation authorizing, licensing, and regulating sports wagering in the Commonwealth of Kentucky without running afoul of the constitutional ban against "lotteries." He does not see how any reasonable decision maker or court could conclude that legal sports wagering as contemplated by this committee constitutes forbidden "lottery" under Section 226 of the Kentucky Constitution.

Responding to a question from Representative Wheatley, Mr. Wallach said no one is suggesting that sports betting is a gift enterprise, and is happy to expand his memorandum to address the issue. He was focused on the lottery prohibition and has seen no evidence that gift enterprises were a concern.

Senator Thayer said this a mic drop moment and thanked him for his compelling testimony. He also thanked the co-chairs for fully vetting the issue of sports betting multiple times before the committee during the interim. This testimony has debunked the notion of a constitutional amendment being needing to legalize sports betting so the opponents will need to find a new excuse to oppose. Lotteries and casinos

are clearly games of chance, while horse racing and sports wagering are games of skill, and there is a clear distinction between the two. Mr. Wallach responded that the official report of the proceedings and debates of the Constitutional Convention of 1890 is the mic drop.

Consideration of Referred Administrative Regulations

Lois Ann Disponett, Chair, Kentucky Real Estate Commission, H.E. Corder II, Executive Director, Kentucky Real Estate Authority, and Marc Manley, General Counsel, Kentucky Real Estate Real Authority, represented the agency to review the administrative regulations: 201 KAR 11:002; 201 KAR 11:011, 201 KAR 011:105; 201 KAR 011:121; 201 KAR 011:170; 201 KAR 011:190; 201 KAR 011:210; 201 KAR 011:220 and 201 KAR 011:461.

Mr. Manley explained the background summary for 201 KAR 11.121. Responding to Senator Schickel, Mr. Corder said all affected entities, including the Kentucky Realtors' Association, were in agreement on the amendment. Responding to Senator Buford, Mr. Manley said there are no fee increases in the amendments to the regulations. The process is changing to a two- year renewal so it appears as the initial cost is more, but it is actually the same per year. The change to a two-year renewal also reduces administrative costs. Representative Burch motioned to approve the agency amendment to 201 KAR 11:121 and Senator Schickel seconded the motion. Motion carried by voice vote. There were no objections.

Mr. Manley explained the background summary for 201 KAR 11:210. Senator Schickel motioned to approve the agency amendment to 201 KAR 11:210 and Representative Burch seconded the motion. Motion carried by voice vote. Senator Schickel motioned to approve the committee amendment to 201 KAR 11:210 and Representative Burch seconded the motion. With no objections, the motion passed by voice vote.

Kentucky Guild of Brewers

Adam Watson, Government Affairs Chair, Kentucky Guild of Brewers, said the craft brewing industry is experiencing growth in Kentucky. The General Assembly has been instrumental in clearing the path for success. The industry needs continued support to modernize and advance laws, improve tax structures, and avoid the dangerous temptation to leave things the way they have always been.

Mr. Watson said the craft brewing industry is concerned with several key issues both nationally, and in Kentucky. They include: transparency; brewery direct to consumer sales (shipping and limited self-distribution for small brewers); franchise reform; excise tax and tax reform; tariffs and trade; underage drinking and responsible consumption; preservation of existing privileges; independent distribution systems; access to materials; water quality; modernization of state's alcohol laws; and threats to the ability to be competitive.

Mr. Watson discussed sales tax on manufacturing and industrial equipment with the Department of Revenue. This issue also impacts Kentucky's distilleries and small farm wineries. They have all agreed in principle with Department of Revenue on developing language to address these concerns.

Mr. Watson discussed self-distribution so microbreweries would have privileges similar to those being sought by small farm wineries. He noted this legislative change would enable better service to markets, meet customer demands, and relieve distribution partners of the most demanding and least profitable delivery tasks. A microbrewery could deliver a limited amount of its annual production directly to retail partners. This limited amount would allow the very smallest brewers to survive and grow to the point that the services of a distributor would become necessary and will allow distributors to focus on brands that are large enough to actually be profitable for them. It would allow more advanced microbreweries to hotshot or provide rapid delivery of a small amount of product directly to a single retailer who has found their stock insufficient for demands, which usually occurs on nights and weekends. He stressed they are not seeking full self-distribution to retail accounts.

Finally, craft breweries would like to establish contract equality between microbrewers and distributors. Currently, it is the only alcohol sector in Kentucky for which there is no true freedom of contract. Instead a Kentucky statute dictates many of the terms of the private contract between the microbreweries and the distributors, both private entities. The statute was written before the Guild existed, and before there were microbreweries across the Commonwealth. They are only seeking changes to the existing language so that the terms, rights, and responsibilities are equally applied to both parties: brewers and beer distributors. As private companies, it is believed that they can freely negotiate the terms of the relationship in a contract. The part of the contract that is determined by statute should equally apply to both parties.

BR 468 AN ACT relating to vapor products

Jerry Miller, State Representative, said this bill is not a complete ban on vaping products. It does not make it more difficult or expensive for those using e-cigarette and vapor products to get off tobacco cigarettes. Tobacco flavored vapor products may still be sold at every outlet now legally able to sell these product. The bill seeks to regulate the sale of a product that is being abused by underage users. A ban on flavors could drive those seeking them into the black market, which has been the source of critically acute health issues.

Representative Miller said the bill requires retail sales of vapor enhanced products, or flavored products, to be limited to stores where only those 18 years of age and older are allowed. Stores must also be registered with the Department of ABC. It bans online and catalog sales of vapor liquids and Juul pods. It administers fines and other penalties to minors not in compliance, and violations by a retailer or manufacturer may result in loss of license.

Dr. Marty Pollio, Superintendent, Jefferson County Public Schools, said since 2014, there has been a reduction of smoking among teenagers. Pre-teens and teens have access and have turned to vaping products instead of tobacco, however they are getting addicted to the high levels of nicotine in the e-cigarettes. Juul has been marketing to teenagers, and it targets all students in public and private schools in

rural and urban areas. Dr. Pollio supports BR 468 and encouraged its passage in the 2020 Regular Session of the General Assembly.

Tony Florence, Kentucky Smoke Free Association, represents the mom and pop shops and supports the bill. He said there are 5,000,000 children vaping, and 3,000,000 use Juul products. He emphasized that access needs to be limited, and 86 percent of complaints lodged were against convenient stores, not the vape stores. The product needs to be sold in the appropriate venue and it would reduce the access issues to minors. He said 22 percent like flavored vapors, and he believe it is not a flavor problem, but a Juul problem.

Representative Miller noted that this bill moves flavored vapes to age appropriate, adult only stores that are registered with the ABC. He said it also bans catalog and on-line orders, and identifies bulk orders that can end up in our middle and high schools.

Responding to a question from Senator Thomas, Dr. Pollio said Jefferson County Public Schools has joined the lawsuit in coordination with Fayette County Schools against Juul. Jessamine County schools has also joined the lawsuit.

Representative Wheatley has filed a vaping bill that is similar to BR 468 and it bans all flavors. He said research shows 97 percent of pre-teens and teenagers used flavored vapes, which is equivalent to 10,000 middle school students in Kentucky. He is hopeful all four bills related to vaping have a chance for passage in the 2020 General Assembly Regular Session.

Sampling and Rebate Coupons for Malt Beverages

Scott Corbitt, Regional Vice President for State Affairs, Anheuser-Busch, said they are asking the General Assembly to allow in-state and out-of-state breweries, and microbreweries, the same privileges regarding sampling and couponing that wine and spirits have in the state of Kentucky. He said they have worked with the malt beverage distributor associations and the guild of brewers on the language for the bill, and all parties are supportive of passage in the 2020 General Assembly Regular Session.

Chairman Koenig said he supports parity among all the alcohol industry. He said there will be a bill addressing sampling and rebate coupons for malt beverages, as well as addressing the one-year limitation for a private entity or corporation before they can have alcohol sales issue.

Opticians' Association of Kentucky

Representative Walker Thomas said there are two bill drafts relating to ophthalmic dispensers. He said they are looking to increase their fees as budgets are getting very tight. Mr. Curt Duff, Executive Director, Optician Association of Kentucky, said the reason for the licensing fee increase from \$75.00 to \$150.00 is to cover a cost increase from \$35,000 to \$68,000 imposed by the Department of Licensing on the board. Mr. Duff said they will have no money by June 2021 if they are not allowed to increase their fees.

Chairman Koenig said there is a prefilled bill that raises opticians' licensing fees from \$75.00 to \$150.00 and keeps it in statute. He said they are also open to allowing it to be in regulation. Representative Thomas said they are looking for guidance as to which way the committee would like them to proceed and they will

adjust accordingly.

Therapeutic Massage of Animals

Representative Matthew Koch said the veterinary board asked to look into this issue. A new board is not being created and it should reduce barriers to work, however, they are open to critique and suggestions from all parties involved to produce a bill that is favorable for passage. He said equine massage is growing and is a major part of caring for the animals.

Ms. Denise Logsdon, MS, LMT, AMTA-KY, Government Relations Committee Member, said the vet board did not want to oversee a license for animal massage therapy. They are trying to work together to remove barriers for someone to become an animal massage therapist without being a human massage therapist. Ann Boone, LMT, AMTA-KY, Government Relations Chair, thanked Representative Koch for sponsoring the legislation. Senator Schickel urged them to continue reaching out to the veterinary board to iron out the issues before session.

Professional Licensure of Veterans

Steven Bullard, Executive Director, Kentucky Commission on Military Affairs, said they are working very closely with the Council on State Governments to make life better for Kentucky's military families. Zach Morgan, Executive Assistant, Kentucky Commission on Military Affairs, is a military veteran, but also a former military spouse. Military spouse unemployment is around 24 percent, and spouse underemployment is a major problem for the military as well. This is such a problem, the Pentagon is indicating it has become a natural security issue because it divides the attention of military families. Military families move every two to three years, and obtaining a new license in each state is a preposterous requirement, especially when some license process can take two years to complete. Kentucky has already joined several multi-state compacts for industry-specific reciprocity, and should seek to join others as they come available.

Mr. Morgan said they are asking the Legislative Research Commission (LRC) to require annual reports from all of the boards, and compile a report for legislators. This requirement will establish a baseline of clear information on the whole licensing environment in Kentucky. This information would be collected by the LRC and at the fingertips of legislators. The intention is not to create burdensome paperwork, but to establish clear information from which the legislators can make decisions about licensing, and improve the process for military families. This follows a national trend of streamlining licensing processes. Currently, there is no centralized reporting of licensing approvals and/or disapprovals.

Retail Sales of Alcoholic Beverages

Co-chair Schickel assumed the chair and Co-chair Adam Koenig testified in support of the bill. The bill supports parity among the alcohol industry. All of the affected stakeholders have been involved in meetings and they have taken into consideration input from all parties. He believes the bill will create a level playing field for the direct shipment of alcohol.

Chairman Koenig said the bill allows in-state license holders to provide alcohol directly to Kentucky consumers and out-of-state consumers. It

requires licensure and carrier reporting, and requires compliance with all Kentucky substantive and tax laws and regulations, while maintaining the 3-tier system in Kentucky.

Chairman Koenig said the legislation creates parity and is based on consumer demand and modernization. It removes artificial barriers to competition and makes Kentucky competitive nationally. Other significant items include: allowing any license holder to ship alcohol to a consumer in or out-of-state; but only ship to territories where alcohol is lawful; ensures public protection by labeling the packages "ALCOHOL" and "21 YEARS OLD" and requires a signature upon delivery; requires the shipper to implement a system to verify ID and payment; requires all taxes and fees (state and local) to be collected and remitted to Department of Revenue; carrier reporting allows for proper regulatory enforcement and oversight; maintains limits on the amount of alcohol shipped; creates penalties for local jurisdictions which abuse the use of regulatory license fees; and allows retailers to purchase from other retailers on a limited basis.

Chairman Koenig said malt beverage manufacturers from another state may ship to Kentucky consumers, as this is already allowed for in wine and distilled spirits. It allows "dock sales" for malt beverages. Retailer may transport and purchase from the distributor's premises (currently allowed for distilled spirits and wine). The wholesaler must sell or offer reasonable service to authorized recipients during its normal business hours (matches existing rule for distributors of malt beverages), and allows distillers and malt beverages to ship (currently for small farm wineries).

Responding to a question from Senator Thayer, Christy Trout Van Tatenhove, Special Counsel, House Majority Speaker's Office, said that all groups, including retailers, were consulted, but no groups were asked for support as information is still being disseminated. All entities were provided with google docs and allowed for comments. Chairman Koenig has a list of all meeting attendees. Senator Thayer said the 3-tier system should be protected and enhanced in Kentucky. Chairman Koenig said it provides parity in that all stakeholders in the three tiers can ship alcohol. Co-chair Schickel said he disagrees that all alcohol is viewed in the same light. He does not feel wine and beer are considered the same as distilled spirits.

Responding to a question from Senator Buford, Ms. Van Tatenhove said an individual would not be able to pick up an order at a wholesaler as a consumer, however it could be delivered to the person. Currently, an individual cannot pick up the order at the wholesaler, but the retailer could pick up an order from the wholesaler. The retailer would have to have a licensed vehicle as no licensing laws have changed for retailers. She said there is technology available to keep shippers in compliance with tax laws and they will face penalties and/or removal if not in compliance with local laws. She said taxes are difficult as they are all different fees and vary across the state.

Responding to a question from Representative Burch, Chairman Koenig said the license fee to ship into Kentucky would be \$100, and there would be a

percentage fee of the overall cost of every shipment made. Ms. Van Tatenhove said if an individual is already licensed in Kentucky, he or she will not have to pay anything additional to have the privilege to ship out-of-state and deliver in-state. She said someone has to physically sign for a delivery, they cannot leave packages behind at the home.

Responding to a question by Representative Miller, Ms. Van Tatenhove said there are limits on amounts that can be shipped to consumers and retailers. She said the intent of the bill was not to allow shipment to retailers in and out-of-state. Representative Miller said the bill might need some language tightened.

Responding to a question from Representative Wheatley, Ms. Van Tatenhove said the shipping permit is required of out-of-state suppliers. He said the language needs to be strengthened with shipping permits to make it clear that it is shipments coming into Kentucky and not other states.

Doug Gallenstein, Owner, Stadium Liquor, is against the legislation as written. As a retailer in Northern Kentucky, he said this bill hurts the retail industry as the wholesaler can ship directly to the consumer. Chairman Koenig said that is correct, and his customers can work with him to order. He can order it from the wholesale company for the consumer if he does not have the product. Mr. Gallenstein said this process will not work with rare bourbons.

Karen Thomas Lentz, Executive Director, Kentucky Association of Beverage Retailers, said the bill as written states wholesalers cannot refuse to sell a product to a consumer if they show up to buy it, and completely bypasses the need for retailers. She also said this legislation allows people to pay \$100 for the shipper's license to sell products, while retailers pay \$2,000 a year. She believes this cost difference is unfair to retailers. She also said there is a local fee that can be added of four to eight percent for establishments located in the community. The local retailers would be on the hook for paying that fee to offset the cost of DUI's, domestic violence, and other incidents that occur from alcohol being shipped in from out-of-state.

Chairman Koenig said this is an open process and he encouraged all interested parties to bring concerns and suggested changes to the bill.

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

INTERIM JOINT COMMITTEE ON AGRICULTURE

Minutes of the 5th Meeting of the 2019 Interim

November 18, 2019

Call to Order and Roll Call

The 5th meeting of the Interim Joint Committee on Agriculture was held on Monday, November 18, 2019, at 10:00 AM, in Room 154 of the Capitol Annex. Representative Richard Heath, 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 Stan Humphries, Robby Mills, Dennis Parrett, Robin L. Webb, and Stephen West; Representatives Myron Dossett, Larry Elkins, Kelly Flood, Joe Graviss, Chris Harris, Mark Hart, Kim King, Matthew Koch, Phillip Pratt, Rick Rand, Brandon Reed, Rob Rothenburger, Steven Rudy, John Sims Jr, Wilson Stone, Nancy Tate, Walker Thomas, James Tipton, and Les Yates.

Guests: Warren Beeler, Executive Director, Governor's Office of Agricultural Policy; Mark Haney, President, Kentucky Farm Bureau; Eddie Melton, 1st Vice President, Kentucky Farm Bureau, Sharon Furches, 2nd Vice President, Kentucky Farm Bureau; Dave Maples, Executive Vice President, Kentucky Cattlemen's Association; Tim White, President, Kentucky Cattlemen's Association; and Nikki Whitaker, Membership Coordinator, Kentucky Cattlemen's Association.

LRC Staff: Stefan Kasacavage, CSA, Kelly Ludwig, Nathan Smith, and Susan Spoonamore, Committee Assistant.

The October 7, 2019, minutes were approved, by voice vote, upon motion made by Senator Parrett and seconded by Representative Reed.

Report from Subcommittees

Senator West, Co-Chair, Equine Issues Subcommittee reported that Dr. Nancy Cox, Dean, and Dr. James MacLeod, Director, Equine Programs with the University of Kentucky, College of Agriculture, Food and Environment, and Sean Beirne, Director of Equine Programs at the University of Louisville stated that their equine programs were involved in research and public outreach programs to enhance horse and rider safety as well as contributing to workforce development and leadership roles in the equine industry. Marc Guilfoil, Executive Director and Jamie Eads, Deputy Executive Director of the Kentucky Horse Racing Commission, talked about the importance of the Kentucky Thoroughbred Breeders' Incentive Fund and the Kentucky Thoroughbred Development Fund. Dr. Bruce Howard, Interim Equine Medical Director and Chief State Veterinarian, gave an overview of the responsibilities of the veterinarians at the racetrack pertaining to horse safety.

The report of the Subcommittee on Equine Issues was approved by voice vote, upon motion made by Senator West and seconded by Representative Pratt.

Senator Humphries, Co-Chair, Rural Issues Subcommittee, said that Erran F. Persley, Commissioner of Business Development, Kentucky Cabinet for Economic Development (CED) discussed the state of jobs and economic development opportunities and challenges in rural Kentucky. He said that the majority of CED investments are in rural areas of the state, totaling approximately \$12.4 billion dollars. The CED has a variety of tools to foster small businesses and entrepreneurship, including tax credits and selling farmer tax credits. He said that CED encourages neighboring counties to pool resources in order to draw businesses, as the competition should be between Kentucky and other states rather than between counties in Kentucky. Commissioner Persley highlighted some successful projects which included Phoenix Paper in Ballard County and Dajcor Aluminum in Perry County.

The report of the Subcommittee on Rural Issues was adopted by voice vote, upon motion made by Senator Humphries and seconded by Representative Thomas.

Senator Hornback mentioned that forestry, especially in east and west Kentucky, is being devastated by the tariffs, among other things. Forestry is down 20 to 40 percent. Representative Heath noted that a family-owned sawmill in Graves County had a shipment of hardwood prepared and ready to ship to China when the tariffs were enacted and China cancelled its order. There are some positive signs that tariff relief may be coming in the near future.

Legislative Issues for 2020 Regular Session

Warren Beeler, Executive Director, Governor's Office of Agricultural Policy, reported that there were approximately 20,000 animals entered in the North American International Livestock Exposition with sheep and dairy having the largest number of entries -- 7,700 and 3,985, respectively. He explained that money received from the General Assembly and Agricultural Development Board (KADB) helped to tear down Cardinal Stadium, buy new pen stalls, purchase a new sound system for Freedom Hall, and refurbish other areas. For 2020, some money will be used to do a feasibility study on traffic flow at the Kentucky Exposition Center. Mr. Beeler explained that the KADB has concerns about the merger of the Eastern Kentucky University and University of Kentucky dairy farm to be located at Eastern Kentucky University. They are wanting a 60 cow pack barn, robotic milking system, classrooms, water harvesting system, and possibly a manure separator. The Board anticipates a request for funding, but there is concern about the \$14 million bid, when in reality the bid should be around \$2 million. The University of Kentucky plans to move three chicken barns to its Woodford County farm for a cost of \$13 million when it should cost approximately \$1 million per barn. University farms should be exempt from having to go through a bidding process that involves a lot of red tape. Mr. Beeler stated that the KADB had invested \$600 million in agriculture since the inception of the board. The County Agricultural Investment Program (CAIP) has been expanded to reach new people such as young farmers and youth. State funds had also been able to help expand the number of meat processors and helped build a large number of certified kitchens and farmers markets. One of the greatest achievements of KADB funding is the Kentucky Agricultural Finance Corporation (KAFC), which has over 900 loans with \$133 million out in communities for agriculture. KAFC receives approximately \$750,000 per month in interest on those loans. Since the inception of KAFC, there have only been six bad loans. The KADB is always looking at implementing new projects that would benefit farmers. As a pilot project, the Board is considering a three-tier system for beef cattle in order to encourage better marketing. The Board recently implemented a new way of cost-sharing with counties that receive little to no money.

In response to Representative Graviss, Mr. Beeler said that making agriculture a science credit at the high school level would help to bolster agriculture and its culture. Mr. Beeler said that GOAP partially funded three hemp projects. Two are struggling to

survive and one is doing okay. There is still some uncertainty in the details and marketing of hemp products.

In response to Senator West, Mr. Beeler said that there are 475 dairies in Kentucky and 60 of those dairies are associated with Dean Foods. Mr. Beeler said that Kentucky can opt out of the Federal Order System. The middleman is making all the money and the system is obsolete.

Mark Haney, President, Kentucky Farm Bureau (KFB), said that KFB was established to help foster economic development in rural parts of the state. He said that farmers have struggled with decreasing commodity prices and livestock prices as well as weather related issues. He said the trade issues have also had a negative impact on the markets, especially the grain industry. For the 2020 legislative session, he said one of the most critical components is the ability to connect to broadband in rural areas. Internet connectivity is a must for rural development. Mr. Haney said that more incentives are needed to retain and attract new businesses and industries in Kentucky. He stated that KFB is willing to work towards tax reform. Exemptions for sales tax in agriculture are important to the industry. With regard to property taxes, KFB would like to see a broad-based tax.

In response to Representative Graviss, Mr. Haney said the Hemp Advisory Committee heard more complaints about contracts not being honored and producers would like to see standardized contracts with more enforceability.

In response to Senator West, Mr. Haney said that KFB has reached out to the private sector for help in supporting rural broadband.

In response to Representative Tipton, Mr. Haney stated that the United States-Mexico-Canada-Trade Agreement should come to a vote soon. He said that the guest worker program for rural communities is very important. He said KFB is closely watching the new labor bill introduced in Congress, which does little for the H2A program that tobacco farmers depend on, but it does help the dairy industry.

In response to Senator Hornback, Mr. Haney said there is concern in extending the H2A program to include a private right of action for non-citizens.

In response to Representative Heath, Mr. Haney said that KFB supports funding for the Rural Jobs Act.

Dave Maples, Executive Vice President, Kentucky Cattlemen's Association (KCA), stated KCA's long range strategic plan for 2020 through 2025 includes promoting value-added marketing opportunities, strengthening research, demonstration and outreach, improving KCA engagement, collaboration and advocacy, and developing and leveraging organizational infrastructure and capabilities. He said that beef prices and the number of beef cows are gradually increasing. Mr. Maples pointed out that the industry does have issues regarding the shortage of truck drivers, electronic logging devices (ELD) or Department of Transportation (DOT) restrictions on driving time, antibiotic use regulations, consumer demand for traceability and fewer food miles. Kentucky exports almost all of its beef cattle to processing plants in the Midwest. Mr. Maples said that agriculture is taking hits with fake meat, meatless diets, greenhouse gases, regulations, tariffs, labeling

requirements, and animal activists. He said that KCA worked with Kroger to sell Kentucky beef, and to date over 600,000 beef patties have been sold. A real drawback is that Kentucky does not have enough processing and packing plants that meet current standards. KCA would like to see a Beef Innovation Center at the University of Kentucky to help promote the industry.

In response to Representative Graviss, Mr. Maples said that labor and location would be issues in establishing a processing plant. Mr. Tim White, President, Kentucky Cattlemen's Association, said Kentucky would need to partner with a big company who has experts in order to make a plant successful. He said that as of yet, there have not been any discussions with National Beef, Tyson, or other companies.

Meeting adjourned.

INTERIM JOINT COMMITTEE ON BANKING AND INSURANCE

Minutes of the 5th Meeting

of the 2019 Interim

December 17, 2019

Call to Order and Roll Call

The 5th meeting of the Interim Joint Committee on Banking and Insurance was held on Tuesday, December 17, 2019, at 10:00 AM, in Room 154 of the Capitol Annex. Representative Bart Rowland, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Jared Carpenter, Co-Chair; Representative Bart Rowland, Co-Chair; Senators Tom Buford, Rick Girdler, Morgan McGarvey, Dennis Parrett, Albert Robinson, John Schickel, and Reginald Thomas; Representatives Terri Branham Clark, Deanna Frazier, Jim Gooch Jr., Kathy Hinkle, Derek Lewis, Michael Meredith, Wilson Stone, and Ken Upchurch.

Guests: Greg Mitchell, Insurance Industry Group Chair, Frost Brown Todd; Dan Tafel, Vice President of Business Development, Hornbeam Insurance Company; Chris Nolan, Assistant Director, MML&K Government Solutions; Dusty Brighton, Turo, Inc.; Lisa Pierce, Regional Counsel, Allstate Insurance Companies; and Luis Rizo, Group Controller, Enterprise Holding Bluegrass Group.

LRC Staff: Jessica Sharpe, Breanna Miller, and Dawn Johnson

Minutes

A motion by Representative Upchurch and second by Representative Gooch to approve the minutes of the November 20, 2019, meeting carried by voice vote.

Extended Warranty/Service Contracts

Referring to a recent article in *Warranty Week*, Greg Mitchell, Insurance Industry Group Chair, Frost Brown Todd said Louisville has become a major hub for the warranty industry. He discussed the difference between warranties and extended warranty or service contracts and explained that service contracts are treated by most state laws as a type of quasi-insurance. Historically, consumer service contracts

include home and motor vehicle contracts. There is some uncertainty with the regulation of commercial service contracts.

Mr. Mitchell discussed parties involved in a service contract – service contract providers, sellers, and administrators. The provider, or obligor, issues the service contract, is responsible for honoring the obligation in the event something happens to the product purchased, and may be required to register with a regulatory agency. The entity selling the product is the seller. The administrator is the entity responsible for administering claims. Most states impose financial security requirements for service contract providers. There are three financial security options — obtaining a contractual liability insurance policy (CLIP) from a regulated insurer, which is the safest option, maintaining a funded reserve account, or maintaining a high net worth, an option for larger companies.

Mr. Mitchell said Kentucky has not adopted the 1997 Service Contract Model Act. A number of states have adopted various provisions of the act. He said Kentucky has certain regulatory provisions in code, but not enough. Several states have improved upon the model act provisions to expand the scope of what a service contract can do. With Kentucky being a major hub in the service contract industry, it is well positioned to innovate service contract laws.

Dan Tafel, Vice President of Business Development, Hornbeam Insurance Company said the warranty industry has expanded and now covers a broad range of products. He explained how a small third-party administrator company based in Louisville was purchased by AIG in 2011. AIG now runs some of the world's largest warranty programs, including AppleCare. The warranty and service contract industry in Kentucky has grown significantly to include companies like AIG, Geek Squad City, GE, and approximately 15 other companies. Expertise exists in Kentucky to foster a strong warranty insurance business and that the legislature has an opportunity to partner with the industry to help create unique products. Kentucky's regulatory sandbox insurance law is an opportunity to create innovative new products, lead the industry, and grow its business. He discussed an example of how the industry's business is growing and stated that blurred lines between what would be covered by consumer warranty and what would be covered by insurance need to be addressed.

Responding to Chairman Rowland's questions about licensing and education requirements in Kentucky for these types of products, Mr. Mitchell said there are licensing requirements to sell some types of warranty products, but that some of the requirements could be improved upon. Kentucky did not adopt the model 1997 law, but rather has a simple provision that requires the company putting their name on the terms and conditions of the extended warranty to provide some form of financial responsibility. For example, in the home warranty space, the minimum amount is \$50,000. Chairman Rowland said the amount was low. Mr. Mitchell said the amount may be considered appropriate to ease the burden on entrants, but it is probably something that should be reviewed. Chairman Rowland asked if the committee

could expect specific requests during the upcoming session. Mr. Mitchell said yes, the industry is putting together some ideas, including discussion about whole home coverage issues. The idea is to provide a framework of regulation, including for commercial areas, which allows companies to innovate, but with the protections of financial responsibility and some consumer protection provisions, especially on service times.

Representative Stone asked if there was a way to prevent companies from overriding no-call lists. Mr. Tafel said regulation has weeded out some of the bad players. They are trying to keep the right regulations and provide the right framework for those who do bring value to the table. Representative Stone said it would be better if the governance came from within as opposed to being regulated.

Senator Buford said in previous years the legislature discussed regulating service contracts and insurance, but then a Kentucky appliance company dissolved and their insurance and service contracts became no good after dissolution. Sometimes consumers who purchase service contracts find out they have very limited coverage when they make a claim. He said the National Association of Insurance Commissioners' (NAIC's) Model has received mixed reviews, with several states making constant changes. Senator Buford asked if there is a way to protect the consumer in the event a company dissolves. Mr. Tafel said there is a low bar for home warranty companies to get into the business in Kentucky. He suggested that CLIPs could address the issue because they provide for a claim to the insurance company and the consumer could complain to the state insurance commission if the insurer is not making full on their obligation. Senator Buford asked if this meant we require anyone selling a service contract or a warranty to obtain that insurance. How would the consumer know? Mr. Tafel said there are regulations that allow a CLIP to be named in the terms and conditions of the service contract. Chairman Rowland said additional regulations, licensing requirements, and government oversight may be needed.

NCOIL Travel Insurance Model Act

Greg Mitchell said travel insurance is a specialty line insurance and that licensing in this area nationally leaves a lot to be desired for purposes of uniformity. Several years ago, the National Council of Insurance Legislators (NCOIL) created a regulatory framework that provided a better system of regulation for limited lines travel agents. He discussed the type of travel agents this framework applies to and stated that these agents did not need to get a full product license because it was impractical for what they do. The framework allows the agents to offer travel insurance for purchase, but not talk about the coverages and other things. Kentucky was the first state to adopt that model act, under the auspices of former Representative Damron being the president of NCOIL, and it has since been implemented and adopted in almost every state. Mr. Mitchell said the model act has been very successful in creating a definition of travel insurance and excluding certain international travel medical plans.

Mr. Mitchell stated that growth in the industry and a number of regulatory questions arising created

a need for an update, which was adopted in 2018. He said we are looking to the Kentucky legislature to be one of the first to adopt the amended model act, which deals with the rules of the product. It treats travel insurance as it has typically been treated, although not codified, as inland marine insurance. This is a catch all area in insurance that deals with things that move or are in transit. It is very difficult for insurance companies to know which state laws apply for travel insurance. This model act is attempting to provide clarity as to the form, filing, and rates for travel insurance. Mr. Mitchell said that travel insurance is also unique because it typically includes assistance services, which is not insurance. These services include location assistance if you get lost in another country and nurse hotlines that will direct you to facilities. The model act allows insurance and noninsurance products to be packaged into a bundle so you can buy it for one price. Some states will not let you do this. Mr. Mitchell discussed some of the model act's consumer protection components, including disclosing the price of assistance services and free look periods. Mr. Mitchell said that the NAIC formed a travel insurance working group that is looking at these issues as well. He said the model act also addresses certain areas, such as baggage, trip cancellation, and evacuation during a trip due to an accident or illness, including repatriation of remains. He said some states have already adopted the changes and some have pending legislation under consideration.

Senator Thomas discussed a recent issue he had dealing with a travel insurance claim. He said the flight insurance program is broken and needs to be fixed. Flight insurance should be no-fault. If for some reason plans change and a consumer has to rearrange his or her flight, why shouldn't that be sufficient to cover the ticket cost? Mr. Mitchell said there is "cancel for any reason" coverage and "cancel for a specified reason." Senator Thomas said this should be disclosed before purchasing coverage. Mr. Mitchell said the new model act addresses disclosure provisions.

Responding to Senator Girdler's question as to whether the travel agent is responsible for this disclosure, Mr. Mitchell said the insurer is responsible for all disclosures. Senator Girdler asked if the travel agent was responsible for selling the product. Mr. Mitchell said, in Kentucky, an individual travel agent that sells the product would need to be licensed in some form. He explained two different ways to be licensed. Senator Girdler said, in this situation, you have no way of knowing whether the agent disclosed the type of insurance they are selling. Mr. Mitchell said the insurer is responsible for the distribution channel. If there was a misrepresentation, obviously, in both licensing systems, the agent would be responsible for being able to make sure they know what they are disclosing, how they are communicating, and what coverages are there or not there.

Representative Gooch said that there have been problems in the past with policies, like credit life and credit health, being sold without any underwriting until you actually have a claim, which results in the company doing rear end underwriting to find reasons not to pay the claim. He said that legislators have to make sure that the insurer is accountable for making

sure that whoever is involved in that transaction understands the product and is meeting the needs of the consumer. Mr. Mitchell said there are very low consumer complaint rates in travel insurance and that he has personally witnessed travel insurance helping people who have had major catastrophes overseas. He said that the subject area should be made as consumer friendly as possible, but in this licensing system, there are specialists in place to deal with international and domestic travel situations. In this space, there is an unusual distribution channel, with travel agents, cruise lines, and airlines. These are the very situations where you want to allow consumers to have the ability to buy travel insurance. He thinks and hopes the amended model act has a better regulatory landscape in order to be able to address things that have, possibly, been confusing. Mr. Mitchell reiterated that the complaint ratio is exceedingly very low. He said if he has the opportunity to bring the model back for consideration during session, he will present some statistics and other information to go into this a little deeper.

Peer-to-Peer Car Sharing

Chris Nolan, Assistant Director, MML&K Government Solutions, representing Allstate's Avail Program and Turo, Inc. said peer-to-peer car sharing, which deals in the sharing economy, has been an innovation that requires some regulatory oversight. As the sharing economy grows around the country, this is another industry that requires attention from state regulators nationally to ensure there is proper insurance and consumer protections.

Dusty Brighton, Government Affairs Representative, Turo Inc. said Turo is a California-based company that serves as a platform to connect hosts and guests who desire to share a car for a price. Mr. Brighton explained how the platform works. He said that Turo's presence in Kentucky is growing. There are over 850 hosts along with 34,000 registered users. Turo is not a rental car company. They partner with Liberty Mutual Insurance to ensure that both hosts and guests have insurance coverage and that state insurance laws requiring minimum insurance coverage are met.

Lisa Pierce, Regional Counsel, Allstate Insurance Companies stated that the Avail Company, owned by Allstate and formerly known as Drift, is a slightly different business model than Turo. Avail is community focused. They are opening in airports and urban areas where there is a high concentration of people, but maybe not many people that own cars. Like Turo, Avail connects car owners with people who want to share a car for a few hours to a few days. They do provide insurance through Allstate. Avail plans to expand in the future, but always with a community base in mind.

Mr. Nolan said the sharing economy has been growing. It first started with Transportation Network Companies (TNC), like Uber and Lyft. These models set the stage for needing to have insurance coverage in the sharing economy. The peer-to-peer car sharing industry took a huge step in the process last week, when, at Chairman Rowland's direction, NCOIL passed, and made available to all 50 states, the Peer-to-Peer Car Sharing Model Act. Mr. Nolan discussed state laws in Maryland, Colorado, and Indiana

that were the basis for the model act, which is the product of nearly two years of work. It brought all the stakeholders to the table to negotiate on the front end what would be needed in a regulatory framework. It represents the vast majority of interests of the insurance industry, the car sharing industry, and the automobile manufacturers that see themselves in this space in the future, with partners like GM, Toyota, Ford, and others.

Mr. Nolan stated that this model only deals with the insurance and consumer protection angles. He said that there are taxation questions as well as airport licensing questions that will be dealt with later. As in ride sharing, he stated that the model act determines start/stop times, delivery times, outlines the processes and responsibilities of insurance coverage during the sharing transaction, and assures there are no gaps in coverage. The model determines insurance coverage for the platform, car owners, and drivers and how all of these coverages work together throughout the process. Much like ride sharing, once the car is out for sharing, it is considered by most insurance as a commercial transaction. This legislation walks through all the scenarios, ensures there is liability coverage for the car owner for bodily injury, property damage to third parties, underinsured/uninsured motorist coverage, and personal injury protection (PIP) coverage. It addresses disputes, lapses in coverage, state minimum insurance coverage, and consumer protection issues, like safety recalls. Since peer-to-peer car sharing has reached Kentucky, they will be looking to move some legislation this session.

Luis Rizo, Group Controller, Enterprise Holdings Bluegrass Group, the parent company for Enterprise Rent-A-Car in Kentucky discussed Enterprise's businesses, its operations in Kentucky, and the company's investment of over \$3 billion in technology over the last several years to better serve their customers. He said Enterprise was involved in the NCOIL meetings with Chairman Rowland to develop an insurance framework for this business model. In that scope, Mr. Rizo said that the NCOIL model recognizes that it is just one part of a comprehensive bill and that states may address other areas, like tax issues and airports. Mr. Rizo discussed what makes peer-to-peer companies different from what Enterprise does. He said the NCOIL framework, including the definitions, were for insurance purposes only and that other areas of the law, including taxation, airport, consumer protection, and other things, may be addressed without being bound by the definitions in the model act. Mr. Rizo discussed similarities between peer-to-peer car sharing companies and rental car companies. He said the peer-to-peer car sharing industry is essentially what Airbnb was to the hotel industry. Unlike Airbnb, which collects and remits sales and room taxes, peer-to-peer car sharing companies are not currently collecting or remitting any taxes or paying any fees to the airports. When an individual purchases a vehicle, they pay a six percent motor vehicle usage tax up front in the state of Kentucky, with the intent being that that purchase is largely for the personal use of the vehicle, not for a revenue-generating purpose. Peer-to-peer car rentals can increase the number of, and time that, vehicles are on the road. The renters of these private vehicles,

therefore, should also contribute to the road fund the same as if they were renting a vehicle from a rental car company. Additionally, peer-to-peer car sharing companies, which gain access to the vehicles from the owners that put their cars on the platform, have paid no tax, yet they are profiting from that transaction. Rental car companies operate under the U-Drive-It Tax, which is the same six percent usage fee for personal vehicles, but rental car companies collect the tax as the transactions occur. That money goes directly to the road fund. Kentucky should apply this fee to peer-to-peer car sharing transactions because a vehicle purchased for private use is now being used for a completely different purpose—a revenue-generating use. The fee would be applied to the transaction and ultimately paid by the renter. There would be no additional responsibility placed on the vehicle owner who already paid six percent usage tax upfront when they purchased the vehicle. Other states have passed laws regarding this. Enterprise is very supportive of the NCOIL model insurance language, but wants to make clear that the tax portion is important and they want to make sure that if a renter has two options to rent a vehicle, one company is not able to provide a price that does not include taxes.

In response to Senator McGarvey's question about the exclusions in a personal insurance policy for coverage, Mr. Nolan said that personal insurance policies may exclude coverage for peer-to-peer car sharing, which is why the NCOIL model act provides a platform for insurance coverage. Senator McGarvey asked what happens if you have rented your vehicle to someone, they are intoxicated and they wreck the car, would that be excluded under an insurance policy? Representative Rowland said if you are renting your car to me on the platform, it allows my insurance policy with any exclusions that might be in it to extend to your vehicle just like I was renting an Enterprise policy. We are not creating any new exclusions outside the personal auto policy, it just allows my coverage to transfer to the vehicle I am renting.

Senator Girdler discussed several insurance coverage scenarios with Ms. Pierce, Mr. Brighton, and Mr. Nolan. The participants discussed insurance coverage for rental activity when renting from a rental car company and using a peer-to-peer car sharing platform. Ms. Pierce and Mr. Brighton stated that the model law sets the floor for coverage at the state's financial responsibility minimum limits, but that Avail and Turo offer more coverage. They also discussed that people renting a vehicle may choose to use personal insurance, if the activity is not excluded under the policy, and that there are several levels of coverage that can be purchased by both hosts and owners to make sure they are covered. Mr. Nolan said that addressing all the scenarios discussed is why they have the model act. Under the model act, if there is a lapse in coverage or someone did not have coverage that was supposed to, the platform is the entity that provides the insurance in case of a wreck or claim.

Senator Thomas asked Representative Rowland to give him the names of some car sharing platforms for research purposes. Representative Rowland said Turo, Avail, and GetAround. Senator Thomas asked if this is offered in Tennessee and Indiana now. Mr. Nolan said car sharing platforms are operating in

all states except New York. Representative Rowland said only a handful of states have passed legislation to license, regulate, and eliminate insurance coverage gaps. Senator Thomas asked are there requirements as to the functionality of the car, its maintenance, tires, engine operation. Mr. Brighton said yes, there is a 12-point inspection process. Representative Rowland noted that Section 5 of the NCOIL model bill is consumer protections and disclosures. These were some concerns Enterprise wanted in the bill because they are required to do them as well.

In response to Senator Buford's question about how a host owner gets insurance for the car sharing transaction, Mr. Brighton stated that hosts can elect for a certain amount of insurance coverage, which with Turo, is a \$1 million basic insurance policy, just as you do with a rental car. Senator Buford asked what happens if the host doesn't notify the platform before sharing out the car. Mr. Nolan stated that you have to enter into a contract through the platform's app and that an owner's personal insurance policy is not the policy that will cover the car sharing. Representative Rowland said we are only talking about transactions that are taking place through the app, if you go out on your own and just start renting your car to your neighbor you had better call your insurance agent. Senator Buford asked how insurance companies would know that guests had a driver's license or a DUI in order to rate the policy and how instantaneous the car transfer was. Mr. Nolan said when he used the service, he was required to upload his driver's license to the platform before proceeding with the rental. Senator Buford asked if an insurance company would have to accept drivers regardless of the condition of their driving record. Mr. Nolan said the same issues are present when you rent from a rental car company.

In response to Representative Meredith's question about who is responsible for damages that exceed insurance coverage on the car sharing vehicle, Ms. Pierce said that it would be the platform, the owner, and the driver. You would go through the platform first, and then there may be additional insurance available from the driver on top of that. Representative Meredith, Representative Rowland, Mr. Nolan, and Ms. Pierce discussed additional insurance liability scenarios. Mr. Nolan said that liability will always start and stop with the person who is at fault. Ms. Pierce said while there has been a standard exclusion for "rides for hire" coverage, Allstate and other companies are going to quickly come on board and create endorsements for that usage. Owners would have insurance through the platform and could also add a rider or an endorsement to their personal policy to get that insurance to stack for additional coverage. Representative Meredith said he was concerned about protecting owners on these platforms and disclosing to owners their potential liability, stating that \$1 million is not that much in a death or dismemberment claim.

In response to Representative Branham Clark's question about what would happen when a guest driver opts to use their own insurance policy with a deductible, but doesn't pay the deductible, so that the host owner can't get their car fixed, Mr. Nolan said, since the guest driver's policy is primary, the car owner's deductible never comes to play and that

the platform may be required to pay. Representative Rowland said the safeguard would be the host owner's option to buy and choose differing levels of coverage on the platform. Representative Branham Clark said the host owner may need to have overlapping coverage in this situation. Mr. Nolan said the enhanced options on car sharing platforms he has used provided coverage for car rental and out-of-pocket expenses.

In response to Representative Hinkle's question about the affect car sharing has on participants who have personal insurance with another company, Mr. Nolan said it would affect the premiums on a participant's personal insurance, but with car rental companies, you can choose to buy insurance from the company so that if you have a wreck, it does not reflect on the person's personal insurance. In response to Representative Hinkle's question about the affect for host owners, Mr. Nolan said that it would not affect the owner's personal insurance because it is the platform's insurance that covers an owner while the owner's car is being shared on the platform.

There being no further business, the meeting adjourned at 11:40 AM.

CAPITAL PROJECTS AND BOND OVERSIGHT COMMITTEE

Minutes

December 17, 2019

Call to Order and Roll Call

The Capital Projects and Bond Oversight Committee meeting was held on Tuesday, December 17, 2019, at 1:00 PM, in Room 169 of the Capitol Annex. Representative Walker Thomas, Chair, called the meeting to order, and the secretary called the roll. Present were:

Members: Senator Rick Girdler, Co-Chair; Representative Walker Thomas, Co-Chair; Senators Christian McDaniel, and Robby Mills; Representatives Steven Rudy and Maria Sorolis.

Guests: Elizabeth Baker, Planning Director, University Budget Office, University of Kentucky; Angie Martin, Vice President for Financial Planning and Chief Budget Officer, University of Kentucky; Jeff Spoelker, Associate Athletic Director for Finance, University of Louisville Athletics; Scott Aubrey, Director, Division of Real Properties, Department for Facilities and Support Services; Donna McNeil, Executive Director, Kentucky Infrastructure Authority; and Ryan Barrow, Executive Director, Office of Financial Management.

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

Approval of Minutes

Senator McDaniel moved to approve the November 14, 2019 meeting minutes. Senator Mills seconded the motion, and the committee approved the minutes by voice vote.

Correspondence Item

Ms. Halloran referenced the KRS 45.800(2) and KRS 45.800(4) notifications to and from the Finance and Administration Cabinet.

Information Item

Ms. Halloran noted UK Healthcare's two medical and research equipment purchases totaling about \$1.3

million, reported pursuant to KRS 45.760(5).

Project Report from Postsecondary Institutions

University of Kentucky

Ms. Baker submitted the primarily privately funded, through Aramark (UK's dining partner), Expand Student Center (Dining) project, approved by UK's Board and the Council on Postsecondary Education (CPE). The \$25 million expansion will add 34,000 square feet to the student center, mainly for dining with 350 more seats and another serving line to meet increased demand. The second and third floors will be shelled.

In response to Representative Thomas, Ms. Martin said that UK is renegotiating Aramark's current public-private partnership contract for receipt of its construction funding.

In response to Senator McDaniel, Ms. Martin said that UK will finalize renegotiations by the first or second quarter of 2020 and the agreement will likely include an extension of the existing contract term.

Representative Rudy moved to approve the project, seconded by Senator McDaniel, and approved by unanimous roll call vote.

University of Louisville

Mr. Spoelker submitted the restricted funded Upgrade and Expand WiFi and Cellular Service at Cardinal Stadium, approved by UofL's and University of Louisville Athletics Association's (ULAA) Boards and CPE. Project cost estimates are between \$3 and \$4 million and ULAA plans to have AT&T do an official site visit. If AT&T believes the costs will be under \$4 million, then ULAA will engage AT&T using the state contract with a projected August completion date prior to the first fall home game; otherwise, ULAA will wait to proceed, issuing an RFP. ULAA will finance the project through a lease agreement, using either PNC, its contracted financing vendor, or AT&T.

In response to Representative Thomas, Mr. Spoelker said that AT&T can meet the completion deadline and that the project will be delayed if financing terms are unfavorable. There will be mobile ticketing for football games next season as well.

In response to Senator McDaniel, Mr. Spoelker said that the project will be funded from ULAA operating revenues, primarily ticket sales receipts, with moneys from Adidas dedicated for the stadium set aside. While ULAA probably will have the necessary cash available next year to finance the project, ULAA would prefer a two year lease term. Mr. Spoelker said that restricted fund balances are around \$15 million.

Senator McDaniel moved to approve the project, seconded by Representative Sorolis, and approved by unanimous roll call vote.

Lease Report from the Finance and Administration Cabinet

Mr. Aubrey submitted a lease modification for the Commonwealth Office of Technology, Franklin County to change the tenant agency to the Department of Corrections (DOC), Justice and Public Safety Cabinet, and extend the lease term through 2027. DOC's move to the leased property will allow it to consolidate offices.

In response to Representative Thomas, Mr.

Aubrey said this leased property has a higher rental rate than DOC's currently leased space as it is a facility upgrade.

Senator McDaniel moved to approve the lease, seconded by Senator Girdler, and approved by unanimous roll call vote.

Report from the Office of Financial Management

Kentucky Infrastructure Authority

Senator McDaniel moved to roll three of the four KIA Fund A (Clean Water State Revolving Fund) Program loan requests, with separate consideration of the City of Marion's Fund A request, into one roll call vote, seconded by Senator Mills, and approved by voice vote.

Ms. McNeil submitted four KIA Fund A loan requests. The Augusta Regional Sewer Authority, Bracken County, requested a \$1.1 million increase to its previously approved \$6.297 million Fund A loan for the \$13.497 million Augusta/Brooksville Regional Sewer project. The \$7.397 million total KIA loan amount, of which \$1.3 million in principal forgiveness will be applied, will fund nearly 55 percent of the project costs, with USDA Rural Development financing and residual state grant funds covering the rest. The higher than estimated bids were primarily due to pump pricing. The new regional wastewater treatment plant will replace two existing sewer plants serving the cities of Augusta and Brooksville and the new collection system will extend service to 80 unserved customers in northern Bracken County between those two cities. The proposed sewer rate for 4,000 gallons is \$64.10. The term is 30 years at a .25 percent interest rate.

The City of Marion, Crittenden County, requested a \$4.205 million Fund A loan for the \$13,405,790 New Wastewater Treatment Plant project. The \$4.205 million is the third segment of KIA's multi-phased Fund A loan and will bring the cumulative borrowed amount to \$9,593,790. The city plans to apply for the last segment, \$3.812 million, to cover the remaining project costs next year and \$1.3 million in principal forgiveness will be applied to the total loan amount. The project, which will fully address state enforcement action, includes a 1.5 million gallon per day wastewater treatment plant and rehabilitation of about 43,336 linear feet of gravity sewer. For 4,000 gallons, effective since August 27, 2015, the sewer rate is \$27.52 and the water rate is \$36.73. A flat rate environmental assessment fee to fund capital projects has been in effect since mid-2016 and the next environmental assessment fee increase will be effective July 1, 2021. The city is conducting a rate study. The term is 30 years at a .50 percent interest rate.

The City of Kuttawa, Lyon County, requested a \$1.264 million Fund A loan for the Lift Station and Force Main Replacement project to address federal enforcement action. The project includes replacing the Magnolia and Old Kuttawa lift stations and about 9,400 linear feet of cast iron force main. For 4,000 gallons, effective since March 11, 2019, the sewer rate is \$30.00 and the inside and outside city water rates are \$21.60 and \$44.50. For 4,000 gallons, the proposed inside city water rate, effective February 1, 2020, will mirror the sewer rate and the outside city

water rate will be \$47.50. The term is 20 years at a 2.5 percent interest rate.

The City of Eddyville, Lyon County, requested a \$423,964 Fund A planning and design loan for the Wastewater Sanitary Sewer Evaluation Survey and Rehabilitation project. The planning and design loan will finance the evaluation of the collection system south of Fairview Avenue, north of Interstate 69, from the Eddyville Industrial Park to the wastewater treatment plant, about 31,000 and 23,000 linear feet of 8-inch and 12-inch gravity sewer. Construction is expected to begin December 2020 and end the following December. For 4,000 gallons, effective since July 1, 2018, the sewer and water rates are \$38.10 and \$34.29 inside and \$43.09 and \$38.78 outside the city. The term is five years at a 2.5 percent interest rate.

Senator McDaniel moved to approve the three KIA Fund A Program loan requests, with separate consideration of the City of Marion's Fund A request, seconded by Senator Mills, and approved by unanimous roll call vote.

In response to Senator McDaniel's queries regarding the City of Marion's project, Ms. McNeil said that KIA reviews demographics, including potential population shifts, in its loan analyses. Utilities, on the recommendation of some engineering firms, may increase a wastewater treatment plant's capacity to address collection system inflow and infiltration when fixing the collection system is too cost prohibitive. To address this as the collection systems will eventually need to be repaired or replaced, KIA is working with the Division of Water to assist utilities in planning.

Ms. McNeil said that USDA Rural Development offers financing with forty year terms and that the American Water Infrastructure Act amended Drinking Water State Revolving Fund (DWSRF) provisions of the Safe Drinking Water Act to increase loan terms for disadvantaged communities from thirty to forty years. The life expectancy of the asset still has to exceed the term of the loan. KIA advises utilities that increased loan terms, while lowering debt service payments, will result in higher interest costs.

Senator McDaniel commented that the city's new treatment plant, servicing a small population, would be over double the current plant's capacity and that the city was paying debt service for prior projects. He cautioned that if there is significant debt with population decreases, then utilities could find themselves in untenable situations.

Senator Mills moved to approve the Fund A loan for the City of Marion, seconded by Representative Sorolis, and approved by unanimous roll call vote.

Ms. McNeil submitted a Fund B (Infrastructure Revolving Fund) and a Fund F (DWSRF) Program loan request. The City of Hazard, Perry County, requested a \$596,000 Fund B Program loan for the \$2.98 million Coalfields Industrial Gas Supply project, co-funded with Economic Development Administration and Abandoned Mine Land grants. The project, the first gas transmission project financed through KIA, will install six miles of 8-inch gas lines from the wellhead in central Perry County to the Coalfields Industrial Park. The project is 75 percent complete and will add one industrial customer with the expectation of more. The municipal owned gas system has 1,637 customers

with a \$105 average monthly bill. The term is 20 years with a .50 percent interest rate.

Senator McDaniel moved to approve the Fund B loan, seconded by Representative Rudy, and approved by unanimous roll call vote.

The City of West Liberty, Morgan County, requested a \$300,000 Fund F Program loan for the \$1.5 million Water Quality Improvements project, co-funded with an Appalachian Regional Commission grant. The project will construct a new 100,000 gallon ground storage tank and pump station as well as replace over 4,000 linear feet of 6-inch water lines on various streets and extend about 900 linear feet of 6-inch and 8-inch water lines. For 4,000 gallons, effective since February 7, 2019, the sewer rate is \$41.00 and the inside and outside city water rates are \$35.36 and \$43.84. The term is 20 years at a 1.5 percent interest rate.

In response to Senator McDaniel, Ms. McNeil said that she would provide further information on KIA's consideration of utilities' unfunded pension liabilities in its loan analyses.

Senator McDaniel moved to approve the Fund F loan, seconded by Representative Rudy, and approved by unanimous roll call vote.

Office of Financial Management

New Debt Issues

Senator McDaniel moved to roll the two new debt issues into one roll call vote, seconded by Representative Rudy, and approved by voice vote.

Mr. Barrow submitted two new debt issues. The first was the Kentucky Housing Corporation Tax-Exempt Conduit Multifamily Housing Revenue Bonds (Donerail Run Apartments Project) Series 2020 to partially finance an estimated \$62 million project on Taylorsville Road, Louisville. Mr. Barrow verified that the transaction will affect neither the commonwealth's nor KHC's financials.

The second was the University of Kentucky General Receipts Bonds, 2020 Series A and Taxable Series B to partially finance a portion of the Renew/Modernize Facilities project pool authorized during the 2018 Regular Session. The modernization projects throughout campus will have an energy efficiency focus and include Chemistry/Physics Phase II, Patterson Office Tower 18th Floor, and White Hall Phase I. The estimated taxable component is for private use.

Senator Mills moved to approve the new debt issues, seconded by Representative Rudy, and approved by unanimous roll call vote.

Previous Debt Issues

Mr. Barrow reported two previous debt issues. The first was the Northern Kentucky University General Receipts Bonds, 2019 Series A to finance a new residence hall, student housing renovations, and a parking facility. The approximately \$37.9 million competitively sold transaction had a 2.871 percent true interest cost.

The second was the Kentucky Housing Corporation Tax-Exempt Conduit Multifamily Housing Revenue Bonds, BTT Development III Portfolio/Volunteer Management and Development Portfolio II Project, Series 2019 with a total project cost of just over \$34 million, debt issuance was \$12.8 million, and a net interest rate of 1.45 percent. Mr.

Barrow verified that the transaction will affect neither the commonwealth's nor KHC's financials.

School District Debt Issues with School Facilities Construction Commission Debt Service Participation

Senator McDaniel moved to roll the five school district debt issues into one roll call vote, seconded by Representative Rudy, and approved by voice vote.

Mr. Barrow submitted school district bond issues with School Facilities Construction Commission (SFCC) debt service participation, two for refinancings (Boyle and Lee County school districts) and three for new projects for which tax increases will not be necessary (Boone County, Henderson County, and Pikeville Independent school districts). The total anticipated issuance amounts and SFCC participation for the refinancings and new projects are \$3.5 million with 25.1 percent SFCC participation and \$46.7 million with 4.4 percent SFCC participation.

In response to Senator McDaniel, Mr. Barrow said that SFCC percentage participation for new projects was dependent upon the bond issue's term and the school district's available revenues and debt profile. Mr. Barrow said that he would provide a list of school district debt issues with SFCC participation, for new projects, over the last three years; including the purpose, SFCC and school district principal, and percentage participation share.

Senator McDaniel moved to approve the school district bond issues, seconded by Senator Mills, and approved by unanimous roll call vote.

Representative Thomas announced the next three meeting dates and times: Tuesday, January 21, 2020, 1:00 p.m., Senator Girdler, Chair; Tuesday, February 18, 2020, 8:00 a.m., Representative Thomas, Chair; and March 17, 2020, 8:00 a.m., Senator Girdler, Chair.

With there being no further business the meeting adjourned at 1:42 p.m.

GOVERNMENT CONTRACT REVIEW COMMITTEE

Committee Minutes

January 14, 2020

Call to Order and Roll Call

The Government Contract Review Committee met on Tuesday, January 14, 2020, at 3:00 PM, in Room 131 of the Capitol Annex. Senator Stephen Meredith, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Stephen Meredith, Co-Chair; Representative Stan Lee, Co-Chair; Senator Phillip Wheeler; Representatives Charles Booker, Chris Fugate, and Mark Hart.

Guests: Victor Maddox, Stacy Woodrum, Wesley Phelps, Kelley Scott, Christi White, Lindsay Jackson, Alicia Boyd, William Hickerson, Mike Denney, Jimmy Shaffer, Jenny Lafferty, Alice Wilson, Lesa Dennis, Melanie Taylor, Toby Smith, Allison Smith, Laura Redmon, and Billie Johnson.

LRC Staff: Kim Eisner, Jarrod Schmidt, and Kim Smith.

A motion was made by Representative Hart to approve Minutes of the December 2019, meeting

of the committee. Representative Lee seconded the motion, which passed without objection.

DEFERRED ITEM:

WESTERN KENTUCKY UNIVERSITY

PPF Consulting, 192028. A motion was made by Representative Lee to defer the contract to the February meeting of the committee. Representative Hart seconded the motion, which passed.

A motion was made by Representative Fugate to consider as reviewed the Personal Service Contract List, with exception of those items selected for further review by members of the committee. Representative Hart seconded the motion, which passed without objection.

A motion was made by Representative Fugate to consider as reviewed the Personal Service Contract Amendment List, with exception of those items selected for further review by members of the committee. Representative Hart seconded the motion, which passed without objection.

A motion was made by Representative Fugate to consider as reviewed the Memoranda of Agreement List, with exception of those items selected for further review by members of the committee. Representative Hart seconded the motion, which passed without objection.

A motion was made by Representative Fugate to consider as reviewed the Memoranda of Agreement Amendment List, with exception of those items selected for further review by members of the committee. Representative Hart seconded the motion, which passed without objection.

A motion was made by Representative Fugate to consider as reviewed the Correction List. Representative Hart seconded the motion, which passed without objection.

THE FOLLOWING PERSONAL SERVICE CONTRACTS WERE REVIEWED WITHOUT OBJECTION:

DEPARTMENT FOR WORKFORCE INVESTMENT

Compass Evaluation and Research, 1900000832.

DEPARTMENT OF CRIMINAL JUSTICE TRAINING

Norse Tactical, LLC, 2000000729.

DEPARTMENT OF HIGHWAYS

Garver, LLC, 2000000841; Stantec Consulting Services, Inc., 2000000842; Leslie M. Haney & Albert W. Gross Partners, 2000001236; Palmer Engineering County, 2000001237.

DEPARTMENT OF MILITARY AFFAIRS

Dayspring Counseling Services, LLC, 2000001155.

EASTERN KENTUCKY UNIVERSITY

Summit Health, LLC, 20-291; The Segal Company, Inc., 20-293; Underscore, 20-294.

FACILITIES & SUPPORT SERVICES

KZF Design, Inc., 2000000980.

KENTUCKY EMPLOYERS MUTUAL INSURANCE

Ametros Financial Corporation, 20-AMT-001.

KENTUCKY STATE POLICE

Corey T. Knochel, 2000001049; Jeremy Marcus Devasher, 2000001172; Ryan Sizemore, 2000001173; George Atwood, 2000001175; Edwin D. Botkin, Jr.,

2000001177.

KENTUCKY STATE UNIVERSITY

APAX Software, 20-24.

NORTHERN KENTUCKY UNIVERSITY

The Segal Company, Inc., 2020-110.

OFFICE OF ADMINISTRATIVE SERVICES

Ivy Tech Community College, 2000001171.

TRANSPORTATION - OFFICE OF THE

SECRETARY

Murphy Napier & County, 2000000699; Bolinger Appraisals, LLC, 2000000713; John R. Williams, 2000000858; David P. Schoepf Assoc., 2000000864.

UNIVERSITY OF KENTUCKY

Smith Management Group, K20-141; Nathan Ball, K20-142; Jones Day, K20-143.

WESTERN KENTUCKY UNIVERSITY

The Segal Company, Inc., 192029.

THE FOLLOWING PERSONAL SERVICE AMENDMENTS WERE REVIEWED WITHOUT OBJECTION:

BOARD OF MEDICAL LICENSURE

Multi, 1900000777.

DEPARTMENT FOR INCOME SUPPORT

M. Allen Dawson, 1900001356.

DEPARTMENT OF CORRECTIONS

Mid America Health, Inc., 1900001785.

DEPARTMENT OF EDUCATION

NCS Pearson, Inc., 1900003291.

DEPARTMENT OF HIGHWAYS

Gresham Smith & Partners, 1300002683; Integrated Engineering, PLLC, 1500001416; Parsons Brinckerhoff, Inc., 1600000993; Aecom Technical Services, Inc., 1700001318; Michael Baker International, Inc., 1700001321; Booker Engineering, Inc., 1700001602; Integrated Engineering, 1800000901; Gresham, Smith and Partners, 1800001340; Stantec Consulting Services, Inc., 1800002069.

EASTERN KENTUCKY UNIVERSITY

Tetra Tech, Inc., 20-269.

ECON DEV - OFFICE OF THE SECRETARY

The Pace Group, Inc., 2000000828.

FACILITIES & SUPPORT SERVICES

EOP Architects, PSC, 1500001370; Ross Tarrant Architects, Inc., 1700002129; Omni Architects, 1800000919; Stantec Consulting Services, Inc., 1800001103; Ross Tarrant Architects, Inc., 1800001197; Riverine Systems, LLC, 2000000378; Logsdon Auction Group, LLC, 2000000470.

KENTUCKY EMPLOYERS MUTUAL INSURANCE

ISO Claims Partners, Inc., 20-ISO-001.

KENTUCKY HIGHER EDUCATION ASSISTANCE AUTHORITY

Gabriel Roeder Smith & Company, 1900002398. **PERSONNEL - OFFICE OF THE SECRETARY** Premise Health Employer Solutions, LLC, 1800002019.

TOURISM - OFFICE OF THE SECRETARY

Hunden Strategic Partners, Inc., 1900002462.

UNIVERSITY OF KENTUCKY

Ekhoff, Ochenkoski, Polk Architects, A201080; Ross Tarrant Architects, A201110.

UNIVERSITY OF LOUISVILLE

VB Consulting, 19-008.

THE FOLLOWING MEMORANDA OF

AGREEMENTS WERE REVIEWED WITHOUT OBJECTION:

BEHAVIORAL HEALTH, DEVELOPMENTAL & INTELLECTUAL DISABILITIES

Manchester Memorial Hospital, 2000000682.

DEPARTMENT FOR LOCAL GOVERNMENT
City of Cumberland, 2000000698; City of Georgetown, 2000000716.

DEPARTMENT FOR WORKFORCE INVESTMENT

Marshall County Board of Education, 2000000794; Kentucky Head Start Association, Inc., 2000000809.

DEPARTMENT OF EDUCATION

Kentucky Non Public Schools Commission, Inc., 1900003986; Campbell County Board of Education, 2000000365; Department for Medicaid Services, 2000000995; Anderson County Board of Education, 2000001031; Berea Independent Board of Education, 2000001032; Calloway County Board of Education, 2000001033; Simpson County Board of Education, 2000001034; Jefferson County Board of Education, 2000001062; Jefferson County Board of Education, 2000001232.

DEPARTMENT OF JUVENILE JUSTICE

The Methodist Home of Kentucky, Inc., 2000000659; Lake Cumberland Mental Health Mental Retardation Board, 2000000907.

DEPARTMENT OF MILITARY AFFAIRS

University of Kentucky Research Foundation, 2000000979; University of Kentucky Research Foundation, 2000000981.

DEPARTMENT OF TRAVEL

Greater Lexington Convention and Visitors Bureau, 2000000866; Bowling Green Area Convention & Visitors Bureau, 2000000885; Elizabethtown Tourism and Convention Bureau, 2000000952.

EDUCATION - OFFICE OF THE SECRETARY

Big Sandy Community & Technical College, 2000001039; Bluegrass Community and Technical College, 2000001040; Northern Kentucky Cooperative for Educational Services, Inc., 2000001041.

KENTUCKY FISH AND WILDLIFE RESOURCES

University of Kentucky Research Foundation, 2000000681.

PERSONNEL - OFFICE OF THE SECRETARY

Kentucky Medical Services Foundation, Inc., 2000001140.

TRANSPORTATION - OFFICE OF THE SECRETARY

Colorado State Patrol Family Foundation, 2000001046.

THE FOLLOWING MEMORANDA OF AGREEMENT AMENDMENTS WERE REVIEWED WITHOUT OBJECTION:

ADMINISTRATIVE OFFICE OF THE COURTS

Morehead State University, 1700001019.

BEHAVIORAL HEALTH, DEVELOPMENTAL & INTELLECTUAL DISABILITIES

Kentucky Pharmacy Education and Research Foundation, Inc., 1700002898; St. Elizabeth Medical Center North, 1800000509; Kentucky Alliance Boys and Girls Club, 1800001973; University of Kentucky Research Foundation, 1900000718; Cumberland

River Behavioral Health, Inc., 1900001825; Lifeskills, Inc., 1900001826; Transitions, Inc. d/b/a Women's Residential, 1900001954; Volunteers of America Mid-States, Inc., 1900003030; Kentucky River Community Care, Inc., 1900003119; St. Elizabeth Medical Center, 1900003848; Lifeskills, Inc., 1900004193; Cumberland River Behavioral Health, Inc., 1900004219.

CHFS - DEPARTMENT FOR AGING AND INDEPENDENT LIVING

Multi, 1900000798; Multi, 1900001119; Multi, 2000000214.

DEPARTMENT FOR COMMUNITY BASED SERVICES

Multi, 1800002003; Community Action Kentucky, Inc., 1900003964.

DEPARTMENT FOR LOCAL GOVERNMENT

Bell County Fiscal Court, 1600000948; City of Newport, 1600000954; City of Wayland, 1600003841; Breathitt County Fiscal Court, 1700001206; City of Paducah, 1800000694; City of Millersburg, 1800000863; City of Bonnieville, 1800001021; City of Cadiz, 1800001073; Lawrence County Fiscal Court, 1800001287; City of Booneville, 1800001542; City of Olive Hill, 1800001626; The Appalachian Wildlife Foundation, Inc., 180000167; City of Flemingsburg, 1900003254; Perry County Fiscal Court, 1900003655.

DEPARTMENT FOR PUBLIC HEALTH

University of Kentucky Research Foundation, 1800001694; University of Kentucky Research Foundation, 1800002127; University of Kentucky Research Foundation, 1900002943; University of Kentucky Research Foundation, 1900003176; University of Kentucky Research Foundation, 1900003362; Multi, 1900004002.

DEPARTMENT FOR WORKFORCE INVESTMENT

Greater Louisville Workforce Development Board, Inc., 1900004378; Kentucky Association for Environmental Education, 2000000427.

DEPARTMENT OF AGRICULTURE

Multi, 1900003210; Multi, 1900003211.

KY INFRASTRUCTURE AUTHORITY

Bluegrass Area Development District, 1900005013; Barren River Area Development District, 2000000025; Big Sandy Area Development District, 2000000026; Buffalo Trace Area Development District, 2000000028; Cumberland Valley Area Development District, 2000000030; Fivco Area Development District, 2000000032; Green River Area Development District, 2000000034; Gateway Area Development District, 2000000036; Kentuckiana Regional Planning & Development Agency, 2000000038; Kentucky River Area Development District, 2000000040; Lake Cumberland Area Development District, 2000000041; Lincoln Trail Area Development District, 2000000046; Northern Kentucky Area Development District, 2000000047; Pennyryle Area Development, 2000000048; Purchase Area Development District, Inc., 2000000049.

TRANSPORTATION - OFFICE OF THE SECRETARY

Federal Highway Administration, 1800001572; Buffalo Trace Covered Wooden Bridge Authority, 1800001583.

THE FOLLOWING PERSONAL SERVICE CONTRACTS WERE SELECTED FOR FURTHER

REVIEW:

ATTORNEY GENERAL

Strauss Troy Company, LPA, 2000001229. Victor Maddox and Stacy Woodrum discussed the contract with the committee. A motion was made by Representative Lee to disapprove the contract. Representative Hart seconded the motion, which passed with Representative Booker voting no.

DEPARTMENT FOR INCOME SUPPORT

Tadarro Richardson, 2000000829; Steven Clair Solvik, 2000000833; Daniel Grant Meece, 2000000904. Wesley Phelps, Kelley Scott, Christi White, and Lindsay Jackson discussed the contracts with the committee. A motion was made by Senator Meredith to consider the contracts as reviewed. Senator Wheeler seconded the motion, which passed.

KENTUCKY LOTTERY CORPORATION

Barker & Herbert Analytical Laboratories, Inc., 20-015. Alicia Boyd, William Hickerson, and Mike Denney discussed the contract with the committee. A motion was made by Representative Lee to consider the contract as reviewed. Representative Hart seconded the motion, which passed.

THE FOLLOWING PERSONAL SERVICE AMENDMENTS WERE SELECTED FOR FURTHER REVIEW:

ADMINISTRATIVE OFFICE OF THE COURTS

Adams Steptner Woltermann and Dusing, 1600003912. Jimmy Shaffer discussed the contract with the committee. A motion was made by Senator Meredith to consider the contract as reviewed. Representative Lee seconded the motion, which passed with Senator Wheeler voting no.

ADMINISTRATIVE OFFICE OF THE COURTS

Dean Dorton Allen Ford, PLLC, 1900004747. Jenny Lafferty and Alice Wilson discussed the contract with the committee. A motion was made by Representative Booker to consider the contract as reviewed. Senator Meredith seconded the motion, the contract moves forward with Senator Wheeler, Representative Hart, Representative Lee, and Senator Meredith voting no. A motion was made by Senator Wheeler to disapprove the contract. Representative Hart seconded the motion, which failed with Representative Booker and Representative Fugate voting no.

DEPARTMENT FOR COMMUNITY BASED SERVICES

Collaborative Safety, LLC, 1900003290. Lesa Dennis, Melanie Taylor, and Toby Smith discussed the contract with the committee. A motion was made by Representative Fugate to disapprove the contract. Representative Lee seconded the motion, which passed with Representative Booker voting no.

KENTUCKY EMPLOYERS MUTUAL INSURANCE

Arcadia Settlements Group, Inc., 20-ASG-001. Allison Smith discussed the contract with the committee. A motion was made by Senator Wheeler to consider the contract as reviewed. Representative Hart seconded the motion, which passed.

THE FOLLOWING MEMORANDA OF AGREEMENTS WERE SELECTED FOR FURTHER REVIEW:

DEPARTMENT FOR LOCAL GOVERNMENT
Bluegrass Area Development District, 2000000185. Laura Redmon and Billie Johnson discussed the contract with the committee. A motion was made by Senator Meredith to consider the contract as reviewed. Senator Wheeler seconded the motion, which passed.

EXEMPTION REQUESTS:

DEPARTMENT OF MILITARY AFFAIRS

The Department of Military Affairs requested an exemption from the committee's routine review process for FEMA funded memoranda of agreements and grants for declared emergencies and will continue to provide the committee with quarterly reports. A motion by Representative Lee to grant the request to December 31, 2020. Representative Hart seconded the motion, which passed without objection.

DEPARTMENT OF MILITARY AFFAIRS

The Department of Military Affairs requested an exemption from the committee's routine review process for federally funded Chemical Stockpile Emergency Program (CSEPP) agreements and will continue to provide the committee with quarterly reports. A motion was made by Representative Hart to grant the request to December 31, 2020. Representative Hart seconded the motion, which passed without objection.

DEPARTMENT OF MILITARY AFFAIRS

The Department of Military Affairs requested an exemption from the committee's routine review process for federally funded Emergency Management Performance Grant (EMPG) agreements and will continue to provide the committee with quarterly reports. A motion was made by Representative Lee to grant the request to December 31, 2020. Representative Hart seconded the motion, which passed without objection.

There being no further business, the meeting adjourned at 4:55 PM.

PUBLIC PENSION OVERSIGHT BOARD

Minutes of the 10th Meeting of the 2019 Interim

December 16, 2019

Call to Order and Roll Call

The 10th meeting of the Public Pension Oversight Board was held on Monday, December 16, 2019, at 1:00 PM, in Room 154 of the Capitol Annex. Representative Jim DuPlessis, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Jimmy Higdon, Co-Chair; Representative Jim DuPlessis, Co-Chair; Senators Gerald A. Neal, Dennis Parrett, Wil Schroder, and Mike Wilson; Representatives Joe Graviss, Jerry T. Miller, Phillip Pratt, Russell Webber, and Buddy Wheatley; John Chilton, Mike Harmon, John Hicks, James M. "Mac" Jefferson, and Sharon Mattingly.

Guests: No Guests.

LRC Staff: Brad Gross, Jennifer Black Hans, Bo Cracraft, and Angela Rhodes.

Approval of Minutes

Senator Parrett moved that the minutes of the November 25, 2019 meeting be approved. Senator Higdon seconded the motion, and the minutes were approved without objection.

Representative Webber addressed the committee regarding the KRS Administrative Subcommittee (KRS Subcommittee). He stated that on June 25, 2018, the Public Pension Oversight Board (PPOB) established the KRS Subcommittee to study the benefits and drawbacks of separating the governance and administration of the County Employee Retirement System (CERS) from administration of Kentucky Retirement System (KRS) and report to the PPOB by December 2019. During the course of six meetings, the KRS Subcommittee heard testimony from various stakeholders, reviewed history of state and local pension plans dating back to 1942, considered board compensation, representation, and structure in other states, and reviewed recent research on how board compensation can impact investment returns. Representative Webber stated that during the March 2019 KRS Subcommittee meeting, KRS and stakeholders, including the Kentucky League of Cities, testified that, while maintaining their respective initial positions, they had discussed an alternative approach that could result in a compromise. Those discussions have lead Representative Webber to ask LRC staff to draft a bill that would, instead of separating KRS and CERS, would look at having two separate boards under the administrative umbrella of KRS. Representative Webber asked the PPOB to authorize the KRS Subcommittee to continue meeting through January, February, and possibly into March, with March 13, 2020 being their reporting date for recommendations.

In response to a question from Representative Graviss, Representative Webber stated that any member of the PPOB is more than welcome to be involved in the draft legislation.

Auditor Harmon reminded the committee members that he can participate in votes from a quorum standpoint, but not in any other voting matters since his office audits the retirement systems.

Representative Webber moved that the PPOB extend the deadline for the KRS Subcommittee to report their findings by March 13, 2020. Representative DuPlessis seconded the motion, and the extension was approved without objection.

Recommendations

The 2019 PPOB recommendations were presented by the member that made the recommendation. The recommendations included:

Representative Miller - The PPOB should study and evaluate the amortization methods/policies state systems use to pay off unfunded liabilities and the impact of layering/stacking of future actuarial gains/losses.

Representative Miller - Teacher's Retirement System (TRS) should report carried interest at the asset class level.

Senator Higdon - The PPOB should in 2020 evaluate: 1) adding the State Treasurer to the PPOB membership; and 2) adding legislators as non-voting members of the KRS and TRS boards.

Senator Higdon - The PPOB should examine issues and potential solutions to concerns brought forward by KRS regarding who pays the health premium costs of retirees who have service in multiple state-administered retirement systems.

Senator Higdon - The PPOB should examine the level of funding requests for TRS as it relates to both the pension and retiree health funds and how the 2020 experience study impacts these costs.

Senator Higdon - The PPOB should twice annually request that the Kentucky Deferred Compensation Authority provide updates on plan participation, asset levels, and performance.

Representative DuPlessis - Legislation that converts the Kentucky Employees Retirement System (KERS) nonhazardous employer contribution amounts from a payroll based model to a liability based model, similar to the measures included in BR 292 that has been prefiled for the 2020 Regular Session, should be enacted.

Senator Higdon - Based upon the State Auditor's finding regarding SB 2 compliance, legislation should be enacted to address the problems of: 1) reporting of carried interest; 2) posting of investment contracts online; and 3) the gating process for redacting information from contracts.

Representative Miller - The KRS housekeeping measures that were presented at the November 2019 meeting of the PPOB should be enacted.

Senator Higdon/Representative DuPlessis - The General Assembly should budget sufficient funds to pay the full actuarially required contribution rates to the KERS, State Police Retirement System, and TRS pension funds.

Representative DuPlessis welcomed Mr. John Hicks as the newest member of the PPOB working as the new state budget director.

In response to a question from Mr. Hicks, Representative DuPlessis noted after conferring with staff that KRS did present the concept of a liability based system to the PPOB earlier in the year.

In response to a question from Representative Graviss regarding SB 151 language that remains in statute, Representative DuPlessis agreed that the PPOB should review striking SB 151 from statute since it was overturned by the Supreme Court. Representative DuPlessis made motion to hear Representative Graviss' concerns at the January 2020 PPOB meeting about removing SB 151 from the statutes. The motion was approved without objection.

Representative DuPlessis moved that the 2019 Recommendations be approved. Senator Higdon seconded the motion, and the recommendations were approved without objection.

Representative DuPlessis moved that the draft 2019 Annual Report be approved subject to the addition of the recommendations just approved and any technical edits needed. Senator Parrett seconded the motion, and the draft PPOB 2019 Annual Report

was approved without objection.

With no further business, the meeting was adjourned.

ADMINISTRATIVE REGULATION REVIEW SUBCOMMITTEE Minutes

January 13, 2020

Call to Order and Roll Call

The January meeting of the Administrative Regulation Review Subcommittee was held on Monday, January 13, 2020, at 1:00 PM, in Room 149 of the Capitol Annex. Representative David Hale, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Stephen West, Co-Chair; Representative David Hale, Co-Chair; Senators Julie Raque Adams, and Alice Forgy Kerr; Representatives Deanna Frazier, Mary Lou Marzian, and Tommy Turner.

Guests: Beau Barnes, Teachers' Retirement; Jeremy Branham, Gary Morris, Cathy Thompson, Department of Revenue; Jane Alexander, Brock MacKay, Board of Landscape Architects; Kimberly Field, Clint Quarles, Michael Williams, Department of Agriculture; Jeff Baird, Michael Mullins, Courtney Skaggs, Department of Natural Resources; Todd Allen, Department of Education; John Melvin, DJ Wasson, Department of Insurance; Stephanie Brammer-Barnes, Office Inspector General; Julie Brooks, Krista Hamilton, Ron Horseman, Department for Public Health; Laura Begin, Melanie Taylor, Department for Community Based Services.

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

The Administrative Regulation Review Subcommittee met on Monday, January 13, 2020, and submits this report:

Administrative Regulations Reviewed by the Subcommittee:

FINANCE AND ADMINISTRATION
CABINET: Kentucky Teachers' Retirement System: General Rules

102 KAR 1:035. Employment by retired members; calculation of the daily wage threshold and average daily rate. Beau Barnes, deputy executive secretary and general counsel, represented the system.

In response to questions by Co-Chair West, Mr. Barnes stated that these administrative regulations were being amended for cleanup purposes and to make minor clarifications. There were no substantive changes to calculations.

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

102 KAR 1:036. Part-time service for university, college and community college members.

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.

102 KAR 1:037. Administrative staff memberships.

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

102 KAR 1:100. Insurance.

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

102 KAR 1:135. Interest credited to accounts.

In response to a question by Representative Frazier, Mr. Barnes stated that the reference to KRS 161.580, pertaining to voiding individual accounts, might relate to accounts that became inactive after a period of three (3) years without contributions.

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

Department of Revenue: General Administration

103 KAR 1:120. Employee access to federal tax information (FTI). Jeremy Branham, tax policy and research consultant, and Gary Morris, executive advisor, represented the department.

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

Ad Valorem Tax; State Assessment

103 KAR 8:170. Pollution control facilities exception.

A motion was made and seconded to approve the following amendments: to amend Sections 3 and 4 to make technical changes. Without objection, and with agreement of the agency, the amendments were approved.

Income Tax; Withholding

103 KAR 18:150. Employer's withholding reporting requirements.

Sales and Use Tax; Administration and Accounting

103 KAR 31:020. Records.

103 KAR 31:080. Coupons or redemption certificates.

In response to a question by Representative Frazier, Mr. Branham stated that this administrative regulation added a definition for the term, "cash discount."

A motion was made and seconded to approve the following amendments: to amend Section 2 to comply

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

103 KAR 31:090. Tax-paid purchases resold.

In response to a question by Representative Frazier, Mr. Branham stated that this administrative regulation was not expected to have a cost impact, except perhaps for a form change.

103 KAR 31:200. Energy efficiency projects.

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

Selective Excise Tax; Alcoholic Beverages

103 KAR 40:010. Maintaining records.

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

Selective Excise Tax; Cigarettes

103 KAR 41:040. Cigarette vending machine operators.

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.

103 KAR 41:100. Segregation of cigarettes.

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

103 KAR 41:110. Sample of cigarettes.

Selective Excise Tax; Motor Fuels

103 KAR 43:010. Accountable losses.

103 KAR 43:051. Repeal of 103 KAR 043:050.

BOARDS AND COMMISSIONS: Board of Landscape Architects

201 KAR 10:050. Fees. Jane Alexander, executive director, and Brock MacKay, president, represented the board.

In response to a question by Co-Chair West, Mr. MacKay stated that licensees expressed no concerns about fee increases.

201 KAR 10:080. Continuing education.

A motion was made and seconded to approve the following amendments: (1) to amend Sections 1 through 5 and 9 to comply with the drafting and formatting requirements of KRS Chapter 13A; and (2) to amend Section 4 to establish standards for self-directed courses. Without objection, and with agreement of the agency, the amendments were approved.

GENERAL GOVERNMENT: Department of Agriculture: Office of Agricultural Marketing: Fairs and Shows

302 KAR 15:010. Administration; state aid to local fairs. Kimberly Field, program coordinator, Animal Forage Testing Program; Clint Quarles, staff attorney; and Michael Williams, director, Division of Environmental Services, represented the department.

A motion was made and seconded to approve the following amendments: to amend Sections 1 through 7, 9, and 10 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

302 KAR 15:020. Dairy cattle shows and sales.

In response to a question by Representative Frazier, Mr. Quarles stated that 302 KAR 15:020 and 15:030 would not require new staff because these administrative regulations were implemented with an existing staff person.

A motion was made and seconded to approve the following amendments: to amend the STATUTORY AUTHORITY and NECESSITY, FUNCTION, AND CONFORMITY paragraphs and Sections 1 through 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.

302 KAR 15:030. Beef cattle shows and sales.

A motion was made and seconded to approve the following amendments: to amend the STATUTORY AUTHORITY and NECESSITY, FUNCTION, AND CONFORMITY paragraphs and Sections 1, 2, and 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.

Livestock

302 KAR 21:011. Repeal of 302 KAR 021:005.

Livestock, Poultry, and Fish

302 KAR 22:030. Livestock, poultry, and fish diseases to be reported.

In response to questions by Representative Turner, Mr. Quarles stated that these requirements were being consolidated from 302 KAR 21:011, which was being repealed. There were two (2) new international diseases added to the list of reportable diseases.

A motion was made and seconded to approve the following amendments: to amend the TITLE and Sections 1 through 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.

Office of Consumer and Environmental Protection: Pesticides

302 KAR 31:040. Storage and handling of pesticides and bulk fertilizer.

A motion was made and seconded to approve the following amendments: to amend the RELATES TO and NECESSITY, FUNCTION, AND CONFORMITY paragraphs and Sections 1, 2, 4 through 6, and 9 through 11 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

Office of Agricultural Marketing: Hay Grading

302 KAR 37:010. Forage Testing Program.

A motion was made and seconded to approve the following amendments: to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Sections 1 through 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.

ENERGY AND ENVIRONMENT CABINET: Department for Natural Resources: Division of Mine Reclamation and Enforcement: Surface Effects of Noncoal Mining

405 KAR 5:002. Definitions for 405 KAR Chapter 005. Jeff Baird, director; Michael Mullins, regulation coordinator; and Courtney Skaggs, acting director, represented the division.

In response to a question by Representative Marzian, Mr. Baird stated that changes to these administrative regulations were nonsubstantive, technical updates.

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

405 KAR 5:032. Permit requirements.

A motion was made and seconded to approve the following amendments: to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Sections 1, 5, 6, 8, 12, 14 through 17, 19 through 21, 25 through 27, 29, and 30 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 Provisions

405 KAR 7:040. General obligations of operators and permittees.

A motion was made and seconded to approve the following amendments: to amend Sections 1 through 4, 6, 7, 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.

405 KAR 7:050. Coal processing waste disposal sites.

A motion was made and seconded to approve the following amendments: to amend RELATES TO; STATUTORY AUTHORITY; and NECESSITY, FUNCTION, AND CONFORMITY paragraphs 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.

Permits

405 KAR 8:010. General provisions for permits.

A motion was made and seconded to approve the following amendments: to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Sections 1, 10 through 14, 18, 20 through 22, 24, and 25 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

405 KAR 8:030. Surface coal mining permits.

A motion was made and seconded to approve the following amendments: to amend Sections 1 through 3, 13 through 16, 18, 20, 21, 23, 24, 30, 32, 34, 36, and 37 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

Bond and Insurance Requirements

405 KAR 10:050. Bond forfeiture.

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

Performance Standards for Surface Mining Activities

405 KAR 16:100. Permanent and temporary impoundments.

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

405 KAR 16:210. Post mining land use capability.

A motion was made and seconded to approve the following amendments: to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Sections 1, 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.

Performance Standards for Underground Mining Activities

405 KAR 18:100. Permanent and temporary impoundments.

A motion was made and seconded to approve the following amendments: to amend the RELATES TO; 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.

405 KAR 18:220. Post mining land use capability.

A motion was made and seconded to approve the following amendments: to amend the RELATES TO; STATUTORY AUTHORITY; and NECESSITY, FUNCTION, AND CONFORMITY paragraphs and 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.

Special Performance Standards

405 KAR 20:040. Prime farmland.

A motion was made and seconded to approve the following amendments: to amend the RELATES TO; STATUTORY AUTHORITY; and NECESSITY, FUNCTION, AND CONFORMITY paragraphs and Sections 1, 2, 4, and 6 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

Operation of Two (2) Acres or Less

405 KAR 26:011. Repeal of 405 KAR 026:001.

EDUCATION AND WORKFORCE DEVELOPMENT CABINET: Board of Education: Department of Education: Office of Instruction

704 KAR 3:303. Required academic standards. Todd Allen, interim general counsel, represented the department.

In response to questions by Co-Chair West,

Mr. Allen stated that this administrative regulation was being amended to reorganize requirements. The cabinet was putting each program into its own administrative regulation. This amendment moved vocational standards into a separate administrative regulation and updated standards pursuant to statutory changes.

Academic Standards

704 KAR 8:080. Required academic standards in career studies and financial literacy.

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

Department for Technical Education: Management of the Kentucky TECH System

780 KAR 2:040. Live work projects.

A motion was made and seconded to approve the following amendments: to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Sections 3 and 4 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

PUBLIC PROTECTION CABINET: Department of Insurance: Rates and Rating Organizations

806 KAR 13:040. Automobile fleet insurance defined. D. J. Wasson, executive advisor, represented the department.

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

806 KAR 13:071. Repeal of 806 KAR 013:070.

806 KAR 13:101. Repeal of 806 KAR 013:100.

Life Insurance and Annuity Contracts

806 KAR 15:090. Notice of rights as an owner of a life insurance policy.

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

CABINET FOR HEALTH AND FAMILY SERVICES: Office of Inspector General: Division of Healthcare: Long-Term Care

900 KAR 2:050. Transfer and discharge rights. Stephanie Brammer – Barnes, regulation coordinator, represented the division.

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

Department for Public Health: Division of Administration and Financial Management: Local Health Departments

902 KAR 8:040. Definitions for 902 KAR

Chapter 008. Julie Brooks, policy specialist; Krista Hamilton, branch manager; and Ron Horseman, assistant division director, represented the division.

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

902 KAR 8:060. Salary adjustments for local health departments.

902 KAR 8:080. Initial appointment, probationary period, layoffs, performance evaluation, and the resignation of employees of local health departments.

902 KAR 8:100. Disciplinary procedures applicable for local health department employees.

902 KAR 8:110. Disciplinary appeal process applicable for local health department employees.

Health Services and Facilities

902 KAR 20:450. Ambulatory infusion agencies. Stephanie Brammer – Barnes, regulation coordinator, represented the division.

A motion was made and seconded to approve the following amendments: to amend Section 3 to allow a patient's plan of care to be established by other prescribers in addition to physicians. Without objection, and with agreement of the agency, the amendments were approved.

Department for Community Based Services: Division of Protection and Permanency: Child Welfare

922 KAR 1:330 & E. Child protective services. Laura Begin, regulation coordinator, and Melanie Taylor, assistant director, represented the division.

The following administrative regulations were deferred or removed from the January 13, 2020, subcommittee agenda:

STATE BOARD OF ELECTIONS: Forms and Procedures

31 KAR 4:120. Additional and emergency precinct officers.

FINANCE AND ADMINISTRATION CABINET: Kentucky Teachers' Retirement System: General Rules

102 KAR 1:125. Omitted contributions. Beau Barnes, deputy executive secretary and general counsel, represented the system.

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

In response to a question by Co-Chair Hale, Mr. Barnes requested that this administrative regulation be deferred to the February meeting of the subcommittee. A motion was made and seconded to defer consideration of this administrative regulation to the February meeting. Without objection, and with agreement of the agency, this administrative regulation was deferred.

Ad Valorem Tax; State Assessment

103 KAR 8:160. Valuation of municipal solid waste landfill facilities.

BOARDS AND COMMISSIONS: Board of

Pharmacy

201 KAR 2:095. Pharmacist interns.

Board of Veterinary Examiners

201 KAR 16:500. Code of ethical conduct for veterinarians.

201 KAR 16:510. Fees for veterinarians.

201 KAR 16:512. Fees for veterinary technicians.

201 KAR 16:514. Fees for animal control agencies and animal euthanasia specialists.

201 KAR 16:516. Fees – other fees.

201 KAR 16:520. Approved veterinary colleges; approved programs for veterinary technicians.

201 KAR 16:530. Examination requirements for veterinarians and veterinary technicians.

201 KAR 16:540. Application requirements for veterinarians and veterinary technicians.

201 KAR 16:550. Authorization for animal control agencies to apply for a restricted controlled substances certificate from DEA.

201 KAR 16:560. Certification as an animal euthanasia specialist.

201 KAR 16:570. License renewal for veterinarians and veterinary technicians.

201 KAR 16:572. License renewal for registered animal control agencies and animal euthanasia specialists; renewal notice.

201 KAR 16:580. Board issued licenses and certificates, inactive and retired statuses.

201 KAR 16:590. Continuing education requirements, veterinarians and veterinary technicians.

201 KAR 16:600. Prescription and dispensation of drugs for animal use.

201 KAR 16:610. Procedures for grievances, investigations, and administrative charges.

201 KAR 16:700. Material incorporated by reference.

Real Estate Appraisers

201 KAR 30:130. Education provider, instructor, and course.

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

301 KAR 2:185. Hunter education.

301 KAR 2:251. Hunting and trapping seasons and limits for furbearers.

GENERAL GOVERNMENT: Department of Agriculture: Office of the State Veterinarian: Livestock, Poultry, and Fish

302 KAR 22:010. Authority to inspect, test, identify, remove and dispose of livestock, poultry, and fish.

302 KAR 22:020. Restriction of transportation of livestock, poultry, and fish.

302 KAR 22:070. Restrictions on biological materials in Kentucky.

302 KAR 22:040. Carcass transport and composting.

302 KAR 22:080. Feed restrictions.

JUSTICE AND PUBLIC SAFETY CABINET: Asset Forfeiture

500 KAR 9:011. Repeal of 500 KAR 009:010, 500 KAR 009:020, 500 KAR 009:030, and 500 KAR 009:040.

Motorcycle Safety Education Commission

500 KAR 15:010 & E. Motorcycle safety education program.

TRANSPORTATION CABINET: Department of Vehicle Regulation: Division of Driver Licensing: Administration

601 KAR 2:030E. Ignition interlock.

Department for Technical Education: Management of the Kentucky TECH System
780 KAR 2:060. Discipline of students.

LABOR CABINET: Department of Workers' Claims

803 KAR 25:260. Treatment guidelines.

PUBLIC PROTECTION CABINET: Department of Housing, Buildings, and Construction: Plumbing

815 KAR 20:010. Definitions for 815 KAR Chapter 020.

815 KAR 20:020. Parts or materials list.

Plumbing

815 KAR 20:030. Plumbing licenses.

815 KAR 20:050. Installation permits.

815 KAR 20:055. Water heating devices.

815 KAR 20:060. Quality, weight, installation, and storage of materials.

815 KAR 20:070. Plumbing fixtures.

815 KAR 20:080. Waste pipe size.

815 KAR 20:090. Soil, waste, and vent systems, traps, and clean-outs.

815 KAR 20:111. Repeal of 815 KAR 020:071, 815 KAR 020:072, 815 KAR 020:073, 815 KAR 020:074, 815 KAR 020:078, 815 KAR 020:084, 815 KAR 020:100, and 815 KAR 020:110.

815 KAR 20:120. Water supply and distribution.

815 KAR 20:130. House sewers and storm water piping; methods of installation.

815 KAR 20:150. Inspection and tests.

815 KAR 20:170. Manufactured home and mobile home community waste system distribution and connections.

815 KAR 020:180. Special connections.

815 KAR 20:195. Medical gas piping installations.

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

902 KAR 20:036. Operation and services; personal care homes.

Division of Audits and Investigations: Controlled Substances

902 KAR 55:130. Electronic prescribing of controlled substances.

Department for Medicaid Services: Division of Provider Integrity

907 KAR 5:005. Health Insurance Premium Payment (HIPP) Program.

The subcommittee adjourned at 1:35 p.m. The next meeting of the subcommittee is tentatively scheduled for February 10, 2020, at 1 p.m.

EDUCATION ASSESSMENT AND ACCOUNTABILITY REVIEW SUBCOMMITTEE

Minutes

November 12, 2019

Call to Order and Roll Call

The meeting of the Education Assessment and

Accountability Review Subcommittee was held on Tuesday, November 12, 2019, at 10:00 a.m., in Room 129 of the Capitol Annex. Representative Brandon Reed, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Max Wise, Co-Chair; Representative Brandon Reed, Co-Chair; Senator Mike Wilson; Representatives Tina Bojanowski, and Steve Riley.

Guests:

LRC Staff: Joshua Collins, Yvette Perry, and Maurya Allen.

Approval of Minutes – October 17, 2019

Representative Riley made a motion to accept the minutes of the October 17, 2019, meeting. Senator Wise seconded the motion. The motion passed by voice vote.

Career and Technical Enrollment and Subsequent Employment by Sector

Dr. Bart Liguori, Research Division Manager, Office of Education Accountability (OEA) and Dr. Deborah Nelson, Research Analyst, OEA, came forward to present their research on career and technical enrollment and subsequent employment by sector.

Dr. Nelson began the presentation by discussing the value of knowing which career and technical education (CTE) pathways lead to employment in high wage/high demand (HWHD) sectors. The OEA study follows students in the 2013 graduating class and following classes to determine employment, as well as other outcomes. There are higher wages overall for completers versus non-completers, but there are significant differences among sectors. Highest wages are found for manufacturing, transportation, and construction pathway completers, and lowest wages among healthcare completers even though there are more completers in that category than any other pathway. There are also significant differences among male and female completers, with female healthcare completers having the lowest wages.

Data for the report was gathered from the Kentucky Center for Statistics (KY STATS), which uses de-identified data on students from the Kentucky Department of Education regarding CTE pathway, industry certificate achievement, dual credit attainment, co-op participation, ACT score, GPA, and other demographics. KY STATS also incorporates information from the Council on Postsecondary Education regarding postsecondary degrees, and workforce data on wages per sector. Dr. Nelson stated the data is limited and does not reveal specific occupation, only sector, and does not indicate full-time versus part-time status. Additionally, CTE may have benefits not captured by wage data alone. Wage benefits of college degrees was not fully captured in this study because the study only followed graduates for five years.

The OEA study focused primarily on wage differences among those who completed a CTE pathway versus those who did not. There are 172 individual pathways which are subsequently grouped into 12 program areas for the report. Graduates completing four courses are considered 'completers.' The career pathways are designed to result in industry

certificates or successful completion of state-approved assessments. In addition to classroom work, CTE frequently also incorporates work-based learning and dual credit opportunities. However, work-based learning and dual credit were not incorporated in this study due to a lack of available data. Transition readiness is based on passing assessments but is not equivalent with completion of a CTE pathway.

As was presented in an earlier meeting, CTE is delivered through state operated area technology centers (ATCs) and local area vocational education centers (LAVECs). Also, CTE is delivered in comprehensive high schools and other district funded CTE centers as well as through KCTCS. Major CTE program areas include business, construction, health, information technology, manufacturing, and transportation and logistics among the HWHD sectors. Agriculture, arts, human services, law/public safety, retail, and STEM are additional programs areas, some of which include HWHD certificates as classified by KDE which annually revises their list of HWHD sectors. Dr. Nelson illustrated the availability of CTE throughout Kentucky using maps. State CTE funding is not adjusted for wealthier regions, and Dr. Nelson highlighted regions where there is greater access to CTE.

The KY STATS future skills report provided data on the projected availability of jobs in each of the 12 major occupation groups. The graph provided illustrated how the number of jobs in each sector could be qualified as low, medium, and high skill. It was evident that the majority of jobs in some sectors, such as food preparation, office administration and support, and sales, were low skill. In contrast, there were a few sectors with majority high skill jobs such as management, business, and education. Two-thirds of projected jobs did not require any education after high school. Dr. Nelson said it was necessary to keep this in mind when discussing wage data later in the report. Of the pathways that have not been identified as HWHD, agriculture had the most number of completers. With the exception of business and agriculture, demand exceeds completers in almost every category. In the manufacturing sector, over eight percent of projected jobs are in that sector, however there are significantly fewer completers in that sector. Additionally, in health, sales, education, food/accommodation, and transportation sectors there are less than half as many completers as there are projected job openings.

Variation in pathway completion depends on region, CTE delivery (whether in an ATC, LAVEC, or comprehensive high school), and student demographic group. In each of the Commonwealth's ten regions there was a much higher demand for employees in each sector than there was available supply of completers. Local area schools reported many barriers to meeting demand including cost of supplies, difficulty adding new pathways, lack of available qualified teachers, and lack of student interest. There was evidence during a school site visit of a very specialized and expensive program which was implemented with the support of local industry but, owing to a lack of student interest, the program was discontinued. This has resulted in the district being left with a considerable amount of expensive

equipment for which it has no need.

There are also demographic differences among students, especially in comparison of the manufacturing sector to the healthcare sector. There is a far greater number of females completing the healthcare pathway than males. The number of male completers of manufacturing pathways is 14% higher than that of females. Racial differences also exist with more black and Hispanic health completers compared to manufacturing; although, a significant number of health completers are also white. There are more students receiving free/reduced price lunch completing health pathways and more students with IEPs completing manufacturing pathways.

Employment data showed a majority of those employed in any sector were not completers of a CTE pathway. A large number of the completers in any sector were not completers of a pathway in that sector. Wages were also found to be lower in transportation, construction, and education sectors. A majority of graduates in the highest wage sectors were male, while a majority of those in the lower wage sectors are female. Wages of the 2013 graduating class who completed a pathway were also compared to non-completers. On average, those who completed a pathway had higher wages. However, when compared to those with postsecondary education (either a postsecondary certificate or an associate's degree) the difference was greatest between completers/non-completers with no postsecondary education. After attaining some postsecondary education, the difference in wages became less. There are much higher wages for manufacturing completers than for non-completers, even when they are not working in the manufacturing sector. The top five highest earning pathways of those without a postsecondary degree were manufacturing, transportation, agriculture, construction, and business. Given the relatively low agriculture demand, the high wages of the agriculture completers seems startling and will be discussed later.

Comparison of the manufacturing and health sectors illustrated a significantly higher wage for those who were completers and non-completers in manufacturing than for those in the health sector for all graduates. This appears to indicate a lower market valuation for healthcare jobs regardless of education level. High wage/high demand sectors are also privileged in the state accountability system, although there are some non-HWHD designated pathways that receive higher wages or are more locally valuable. Agriculture was frequently reported as a pathway that is not designated HWHD by KDE but would be more valuable on a local level in many areas of the state. Possible explanations for higher wages in agriculture include greater opportunities for work-based learning. Agriculture teacher's work year round in order to supervise student clubs and work-based learning, and some pathways include technical skills such as welding and carpentry that easily transfer to other sectors.

Wage increases were seen in all areas, including non-completers, with the addition of a postsecondary certificate. However, for healthcare employees, they still earned less with a postsecondary certificate than non-completers employed in the same sector. Attainment of an associate's degree was necessary

for healthcare workers to achieve greater wages than those who were non-CTE completers. Higher wages were also seen for completers with a KOSSA certificate as well as for non-completers with a KOSSA certificate. It was noted that CTE course completion was counted for accountability under the former state accountability system, but now a performance-based assessment is sufficient to count as transition ready. This may result in a shift among districts to reduce CTE and incorporation of more performance-based assessment. Longitudinal data indicated that there are still substantially higher wages for males than females among completers up to five years after graduation. However, this inference may be limited by the data not distinguishing between full-time and part-time employment. For 2013 graduates, there was a greater wage for CTE completers who were black or white compared to those who were Hispanic, and much greater for those not receiving free/reduced price lunch than those who did qualify for free/reduced price lunch.

In conclusion, there is clear and unmet demand for workers prepared to work in higher-wage sectors like manufacturing, transportation, and construction. Also, program completion in related sectors is uneven among regions, CTE delivery types, and student demographic groups. State investment in health pathways alone is insufficient to produce higher-wage workers. To achieve higher wages in healthcare jobs requires attainment of postsecondary degrees. The report resulted in other recommendations, including increased attention to access for higher-wage pathways particularly among underrepresented student groups. Local decision making is crucial in determining which pathways to support because in some cases, non-HWHD pathways may better reflect local needs and be associated with higher wages than state-level HWHD designated pathways. Additionally, CTE opportunities offered may not always be aligned with local workforce demand. Use of workforce data should be used to evaluate outcomes including program completion and wages as well as industry and state-approved assessments and wages.

Responding to a question from Senator Wilson, Dr. Nelson said the data was reported annually, because hourly wage data was not collected through KY STATS. If there were more data on these sectors, the comparisons could be more robust. There are also limitations on specific occupation within the sector.

In response to a question from Senator Wise, Dr. Nelson said the report focused on those who had completed a pathway. Because work-based learning is critical to participation in some pathways, that did inhibit the numbers who could participate and become a completer. This would impact the number who were then able to go into the workforce as a CTE completer. The study also did not take into account difference in urban/rural completion or allow for follow up on variations seen in district surveys.

Senator Wise made a motion to accept the report as presented, seconded by Representative Riley. The motion passed by voice vote.

2020 OEA Research Agenda

David Wickersham, Deputy Director, OEA came forward to discuss the proposed research agenda for OEA in the coming year. In addition to the

annual District Data Profiles, there will be a report on facilities and one on graduation requirements. The facilities report will include the process for completing facilities upgrades in Kentucky's public schools, especially focusing on how upgrades are prioritized and funded. It will also look at how effective this process is. The report on graduation requirements will examine the new graduation requirements, effective for students beginning in the 2019-2020 school year, including the impact on graduation rates. The study will also look at the feasibility for districts to provide all options within the new requirements and possible inequities in graduation requirements at the district level.

In response to a question from Representative Bojanowski, Mr. Wickersham said the facilities report will provide an overview largely from a KDE and state-wide level. Also, the annual report of OEA investigations and the district data profiles will be presented in the same manner they have been in years past.

Senator Wise made a motion to adopt the research agenda, seconded by Representative Riley. The motion passed by voice vote.

With no further business to come before the committee the meeting adjourned at 10:49 a.m.

ADMINISTRATIVE REGULATION REVIEW SUBCOMMITTEE Minutes of the December Meeting December 16, 2019

Call to Order and Roll Call

The December meeting of the Administrative Regulation Review Subcommittee was held on Monday, December 16, 2019, at 1:00 PM, in Room 149 of the Capitol Annex. Senator Stephen West, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Stephen West, Co-Chair; Representative David Hale, Co-Chair; Senators Julie Raque Adams, Perry B. Clark, and Alice Forgy Kerr; Representatives Deanna Frazier, Mary Lou Marzian, and Tommy Turner.

Guests: Rob Akers, Cassie Trueblood, Education Professional Standards Board; Sharron Burton, Personnel Cabinet; Jeremy Branham, Richard Dobson, Department of Revenue; Phil Dietz, Chuck O'Neil, John Wood, Board of Emergency Medical Services; Jay Hall, Evan Jones, Department of Tourism; Rhonda Nix, Department of Tourism; Steve Fields, Rich Storm, Jessica Tyler, Department of Fish and Wildlife Resources; Clint Quarles, Department of Agriculture; Dennis Hatfield, Bert Gibbons, Michael Mullins, Department for Natural Resources; Patrick O' Connor, Department of Insurance; Stephanie Brammer-Barnes, Office Inspector General.

The Administrative Regulation Review Subcommittee met on Monday, December 16, 2019, and submits this report:

Administrative Regulations Reviewed by the Subcommittee:

EDUCATION AND WORKFORCE
DEVELOPMENT CABINET: Education Professional
Standards Board: Educator Preparation

16 KAR 6:031. Repeal of 016 KAR 006:030. Rob Akers, associate commissioner, and Cassie Trueblood, counsel, represented the board.

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

101 KAR 2:210 & E. Plan Year Handbook for the Public Employee Health Insurance Program. Sharon Burton, deputy executive director, Office of Legal Services, represented the office.

FINANCE AND ADMINISTRATION CABINET: Department of Revenue: Sales and Use Tax; Registration and Collection

103 KAR 25:050. Factors and agents. Jeremy Branham, consultant, and Richard Dobson, executive director, Office of Sales and Excise Taxes, represented the department.

In response to a question by Co-Chair West, Mr. Dobson stated that this package of administrative regulations included updates in accordance with Kentucky tax reform and updates for clarity.

A motion was made and seconded to approve the following amendments: to amend the RELATES TO paragraph and Section 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.

103 KAR 25:060. Temporary vendors and transient merchants.

A motion was made and seconded to approve the following amendments: to amend Sections 1 and 5 through 7 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

Sales and Use Tax; Service and Professional Occupations

103 KAR 26:030. Optometrists, oculists and opticians.

A motion was made and seconded to approve the following amendments: to amend the TITLE, the RELATES TO paragraph, and 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.

103 KAR 26:050. Common carriers.

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

103 KAR 26:110. Motor carrier repair and replacement parts.

Sales and Use Tax; Miscellaneous Retailer Occupations

103 KAR 27:080. Meals served by railroads, airlines, and other transportation companies.

103 KAR 27:100. Motor vehicles, manufactured homes, mobile homes, and trailers.

103 KAR 27:220. Restaurant transactions.

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

Sales and Use Tax; Miscellaneous Retail Transactions

103 KAR 28:090. Tangible personal property; security instrument enforcement.

Sales and Use Tax; General Exemptions

103 KAR 30:270. Oil and gas extraction machinery.

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

Selective Excise Tax; Alcoholic Beverages

103 KAR 40:091. Repeal of 103 KAR 040:091.

Selective Excise Tax; Cigarettes

103 KAR 41:031. Repeal of 103 KAR 041:030, 103 KAR 041:050, 103 KAR 041:060, and 103 KAR 041:200.

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

KENTUCKY COMMUNITY AND TECHNICAL COLLEGE SYSTEM: Kentucky Board of Emergency Medical Services

202 KAR 7:020. Board organization. Phil Dietz, chair; Chuck O'Neal, deputy executive director; and John Wood, counsel, represented the board.

In response to questions by Co-Chair West, Mr. Wood stated that changes to quorum requirements were to compensate for fluctuations in the number of board members required as a result of executive orders, not because of problems with attendance.

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

TOURISM, ARTS AND HERITAGE CABINET: Department of Travel Development

300 KAR 1:010 & E. Procedure for Tourism Marketing Incentive Program. Jay Hall, acting commissioner; Evan Jones, assistant general counsel; and Rhonda Nix, assistant director, represented the department.

In response to a question by Co-Chair West, Mr. Hall stated that this administrative regulation was being amended for equity pertaining to the Matching Funds Program. The formula for distribution of the annual 2.5 million dollars for the Matching Funds Program was being amended to include expenditures related to room nights and economic impact, rather than population and tourism expenditures.

A motion was made and seconded to approve the following amendments: to amend the TITLE; the NECESSITY, FUNCTION, and CONFORMITY paragraph; and Sections 1 through 3, 5 through 9, and 11 through 21 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

Department of Fish and Wildlife Resources: Hunting and Fishing

301 KAR 3:100. Special commission permits. Steve Fields, staff attorney; Rich Storm, commissioner; and Jessica Tyler, regulation coordinator, represented the department.

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

DEPARTMENT OF AGRICULTURE: Industrial Hemp

302 KAR 50:050. THC sampling and testing, post-testing actions. Clint Quarles, counsel, represented the department.

In response to questions by Co-Chair West, Mr. Quarles stated that this administrative regulation updated the analysis method for THC levels in hemp to improve accuracy and to remove an unnecessary step. The University of Kentucky was responsible for and would continue to be responsible for performing the actual analysis for THC levels in hemp. This change was not expected to expedite results.

In response to questions by Senator Clark, Mr. Quarles stated that the classification of "certified seed" did not directly indicate THC levels. THC expectations related to seed were based on the genetic pedigree and THC levels in the ancestor plants. THC levels were also affected by environmental conditions, such as growing conditions and weather; therefore, it was impossible to predict the exact THC levels to expect from seed. The classification of "certified seed" indicated varietal protection. The zero and three-tenths (0.3) percent THC threshold for hemp was established at the federal level, and Kentucky was required to adhere to that standard. Seed itself could not be analyzed for THC levels because seeds did not have THC levels. Analysis occurred only after the plant reached a certain point in the growth cycle. Crops were only destroyed if required based on the federal limit. THC levels could fluctuate even among different parts of the same field. Exceedances of the THC level were not frequent. Some exceedances were as high as two (2) percent.

In response to a question by Representative Marzian, Mr. Quarles stated that analysis had to occur at a certain point in the growth cycle. Crops were only destroyed if required based on the federal limit.

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

ENERGY AND ENVIRONMENT CABINET: Department of Natural Resources: Division of Oil and Gas

805 KAR 1:001. Definitions for 805 KAR Chapter 001. Dennis Hatfield, division director, represented the division. Bill Barr, legislative affairs chair, Kentucky Oil and Gas Association, and Tom FitzGerald, Kentucky Resources Council, appeared in support of these administrative regulations.

In response to questions by Co-Chair West, Mr. Hatfield stated that this package of administrative regulations was developed primarily by the Kentucky

Oil and Gas Workgroup, which was composed of various stakeholders for the purpose of modernizing these programs. Most changes were the result of House Bill 199 from the 2019 Regular Session of the General Assembly. There were also reorganizational changes related to the Red Tape Reduction Initiative. Mr. Barr stated that this package of administrative regulations both modernized and reorganized requirements. Mr. FitzGerald stated that the agency amendment to 805 KAR 1:170 was the result of consensus among stakeholders to allow more flexibility pertaining to fluid pits. Fluid pit liners would be necessary for pits in the Eastern parts of Kentucky where there tended to be karst geological conditions; however, liners would not necessarily be required in clay areas in Western parts of Kentucky. The agency amendment was not intended to be related to fracking. Mr. Barr stated that these pits were typically used for very short-term processes that lasted days or a few weeks prior to reclamation.

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.

805 KAR 1:020. Protection of fresh water zones.

A motion was made and seconded to approve the following amendments: to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Sections 1 through 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.

805 KAR 1:030. Well location and as-drilled location plat, preparation, form and contents.

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

805 KAR 1:050. Bonds, requirements, cancellation.

A motion was made and seconded to approve the following amendments: to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Sections 2, 4, and 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.

805 KAR 1:060. Plugging wells.

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

805 KAR 1:080. Gas storage reservoirs; drilling, plugging in vicinity.

A motion was made and seconded to approve the following amendments: to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Sections 1 through 8 to comply with the drafting and formatting requirements of KRS Chapter 13A.

Without objection, and with agreement of the agency, the amendments were approved.

805 KAR 1:110. Underground injection control.

A motion was made and seconded to approve the following amendments: to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Sections 1 through 15 and 17 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

805 KAR 1:120. Operating or deepening existing wells and drilling deeper than the permitted depth.

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

805 KAR 1:140. Directional and horizontal wells.

A motion was made and seconded to approve the following amendments: to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Sections 1, 5, and 6 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

Division of Oil and Gas

805 KAR 1:160. Posting of an identification sign and a danger sign on a crude oil tank battery site.

A motion was made and seconded to approve the following amendments: to amend the STATUTORY AUTHORITY and NECESSITY, FUNCTION, AND CONFORMITY paragraphs and Sections 1 and 8 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

805 KAR 1:170. Content of the operations and reclamation plan.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO and NECESSITY, FUNCTION, AND CONFORMITY paragraphs and Sections 5 through 7 and 9 to comply with the drafting and formatting requirements of KRS Chapter 13A; and (2) to amend Section 4 to: (a) establish that, if site conditions necessitate that pits be constructed in fill areas, the division shall first determine if the location is stable to prevent failure of the pit; (b) reduce from twelve (12) mil to ten (10) mil, the required fluid pit liner thickness; and (c) authorize a waiver of fluid pit liner requirements under specific circumstances. Without objection, and with agreement of the agency, the amendments were approved.

805 KAR 1:180. Production reporting.

A motion was made and seconded to approve the following amendments: to amend the RELATES TO and NECESSITY, FUNCTION, AND CONFORMITY paragraphs and Sections 1 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.

805 KAR 1:190. Gathering lines.

A motion was made and seconded to

approve the following amendments: to amend the STATUTORY AUTHORITY paragraph and Sections 2, 6, 10 through 12, 14, and 15 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

805 KAR 1:200. General information associated with oil and gas permits.

A motion was made and seconded to approve the following amendments: to amend Section 7 to make technical corrections. Without objection, and with agreement of the agency, the amendments were approved.

Division of Mine Reclamation and Enforcement: Explosives and Blasting

805 KAR 4:050. Records

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.

Miner Training, Education and Certification

805 KAR 7:101. Repeal of 805 KAR 007:100.

Sanctions and Penalties

805 KAR 9:011. Repeal of 805 KAR Chapter 009.

PUBLIC PROTECTION CABINET: Department of Insurance: Authorization of Insurers and General Requirements

806 KAR 3:230. Standards for safeguarding customer information. Patrick O'Connor, deputy commissioner, represented the department.

In response to a question by Co-Chair West, Mr. O'Connor stated that most of the changes to this package of administrative regulations were technical in nature.

A motion was made and seconded to approve the following amendments: to amend the RELATES TO and NECESSITY, FUNCTION, AND CONFORMITY paragraphs and Sections 1 through 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.

Kinds of Insurance; Limits of Risk; Reinsurance

806 KAR 5:060. Registration of service contracts for consumer products.

A motion was made and seconded to approve the following amendments: to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Sections 1 through 3 and 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.

Investments

806 KAR 7:021. Repeal of 806 KAR 007:020.

Agents, Consultants, Solicitors, and Adjusters

806 KAR 9:265. Rental vehicle agent license.

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

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

902 KAR 20:280. Prescribed pediatric extended care centers. Stephanie Brammer – Barnes, regulation coordinator, represented the division.

In response to a question by Representative Marzian, Ms. Brammer – Barnes stated that Home of the Innocents would not be affected by this administrative regulation; however, the facilities that were affected by this administrative regulation were currently treating increased numbers of infants. This administrative regulation applied to facilities that treated children with complex medical needs. There were currently nine (9) licensed facilities of this type, where care was provided by teams of licensed RNs, LPNs, and nurse assistants.

In response to a question by Co-Chair West, Ms. Brammer – Barnes stated that the primary change to this administrative regulation was the result of a request from these facilities. Two (2) RNs were still required to be on-site at the facility. This was primarily a cost-saving measure.

The following administrative regulations were deferred or removed from the December 16, 2019, subcommittee agenda:

STATE BOARD OF ELECTIONS: Forms and Procedures

31 KAR 4:120. Additional and emergency precinct officers.

BOARDS AND COMMISSIONS: Board of Pharmacy

201 KAR 2:095. Pharmacist interns.

Real Estate Appraisers

201 KAR 30:130. Education provider, instructor, and course.

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

301 KAR 2:185. Hunter education.

DEPARTMENT OF AGRICULTURE: Office of the State Veterinarian: Livestock Sanitation

302 KAR 22:010. Authority to inspect, test, identify, remove and dispose of livestock, poultry, and fish.

302 KAR 22:020. Restriction of transportation of livestock, poultry, and fish.

302 KAR 22:040. Carcass transport and composting.

302 KAR 22:080. Feed restrictions.

ENERGY AND ENVIRONMENT CABINET: Department for Natural Resources: Division of Mine Reclamation and Enforcement: Surface Effects of Noncoal Mining

405 KAR 5:002. Definitions for 405 KAR Chapter 005.

405 KAR 5:032. Permit requirements.

General Provisions

405 KAR 7:040. General obligations of operators and permittees.

405 KAR 7:050. Coal processing waste disposal sites.

Permits

405 KAR 8:010. General provisions for permits.

405 KAR 8:030. Surface coal mining permits.

Bond and Insurance Requirements

405 KAR 10:050. Bond forfeiture.

Performance Standards for Surface Mining Activities

405 KAR 16:100. Permanent and temporary impoundments.

405 KAR 16:210. Post mining land use capability. Performance Standards for Underground

Mining Activities

405 KAR 18:100. Permanent and temporary impoundments.

405 KAR 18:220. Post mining land use capability. Special Performance Standards

405 KAR 20:040. Prime farmland.

Operation of Two (2) Acres or Less

405 KAR 26:011. Repeal of 405 KAR 026:001.

JUSTICE AND PUBLIC SAFETY CABINET: Asset Forfeiture

500 KAR 9:011. Repeal of 500 KAR 009:010, 500 KAR 009:020, 500 KAR 009:030, and 500 KAR 009:040.

Motorcycle Safety Education Commission: Motorcycle Safety

500 KAR 15:010 & E. Motorcycle safety education program.

TRANSPORTATION CABINET: Department of Vehicle Regulation: Division of Driver Licensing: Administration

601 KAR 2:030E. Ignition interlock.

LABOR CABINET: Department of Workers' Claims

803 KAR 25:260. Treatment guidelines.

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

902 KAR 20:036. Operation and services; personal care homes.

CABINET FOR HEALTH AND FAMILY SERVICES: Office of Inspector General: Division of Healthcare

902 KAR 20:450. Ambulatory infusion agencies. Department for Community Based Services:

Child Welfare

922 KAR 1:330 & E. Child protective services.

The subcommittee adjourned at 1:40 p.m. The next meeting of the subcommittee is tentatively scheduled for January 13, 2020, at 1 p.m.

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

EDUCATION ASSESSMENT AND ACCOUNTABILITY REVIEW SUBCOMMITTEE

Minutes

February 7, 2020

Call to Order and Roll Call

The meeting of the Education Assessment and Accountability Review Subcommittee was held on Friday, February 7, 2020, at 11:41 a.m., in Room 129 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 Brandon Reed, Co-Chair; Senators

Alice Forgy Kerr, and Mike Wilson; Representatives Tina Bojanowski, Regina Huff, and Steve Riley.

Guests:

LRC Staff: Josh Collins, Yvette Perry, and Maurya Allen.

Approval of Minutes – November 12, 2019

Representative Reed made a motion, seconded by Representative Riley to approve the minutes of the November 12, 2019 meeting. The motion passed by voice vote.

Review of Administrative Regulation 703 KAR 5:240

Rhonda Sims, Associate Commissioner, Office of Assessment and Accountability, Kentucky Department of Education was present to speak about the proposed changes to the administrative regulation. Changes primarily include language updates to bring the regulation into compliance with the federal Every Student Succeeds Act (ESSA) and remove references to the No Child Left Behind (NCLB) act. One such change was regarding foreign exchange students. Foreign exchange students who have attended a school for 100 days or more are no longer exempt from the state's assessment and accountability system. Other changes included alignment with current practice regarding exemption of students who experience severe trauma during the testing period from participation in the state's assessments. There were no questions regarding this regulation and no action was required by the committee.

Review of Administrative Regulation 703 KAR 5:280

Todd Allen, Interim General Counsel, Kentucky Department of Education presented the proposed agency amendment to proposed regulation 703 KAR 5:280. Representative Reed made a motion to accept the amendment, seconded by Representative Riley. The agency amendment was adopted by voice vote. Mr. Allen further explained the changes to the regulation which were primarily required to comply with Senate Bill 1 of the 2018 Regular Session. Examples of changes were the inclusion of Additional Targeted Support and Improvement (ATSI) language and school improvement exit criteria as recommended by the U.S. Department of Education. There were also changes to improve clarity and, at the request of the Kentucky School Boards Association during the public comment period, to extend the period for filing certain required reports. There were no questions and no further action was required by the committee.

There was no other business to come before the committee and the meeting adjourned at 11:48 a.m.

EDUCATION ASSESSMENT AND ACCOUNTABILITY REVIEW SUBCOMMITTEE

Minutes

November 12, 2019

Call to Order and Roll Call

The meeting of the Education Assessment and Accountability Review Subcommittee was held on Tuesday, November 12, 2019, at 10:00 a.m., in Room 129 of the Capitol Annex. Representative Brandon

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

Present were:

Members: Senator Max Wise, Co-Chair; Representative Brandon Reed, Co-Chair; Senator Mike Wilson; Representatives Tina Bojanowski, and Steve Riley.

Guests:

LRC Staff: Joshua Collins, Yvette Perry, and Maurya Allen.

Approval of Minutes – October 17, 2019

Representative Riley made a motion to accept the minutes of the October 17, 2019, meeting. Senator Wise seconded the motion. The motion passed by voice vote.

Career and Technical Enrollment and Subsequent Employment by Sector

Dr. Bart Liguori, Research Division Manager, Office of Education Accountability (OEA) and Dr. Deborah Nelson, Research Analyst, OEA, came forward to present their research on career and technical enrollment and subsequent employment by sector.

Dr. Nelson began the presentation by discussing the value of knowing which career and technical education (CTE) pathways lead to employment in high wage/high demand (HWHD) sectors. The OEA study follows students in the 2013 graduating class and following classes to determine employment, as well as other outcomes. There are higher wages overall for completers versus non-completers, but there are significant differences among sectors. Highest wages are found for manufacturing, transportation, and construction pathway completers, and lowest wages among healthcare completers even though there are more completers in that category than any other pathway. There are also significant differences among male and female completers, with female healthcare completers having the lowest wages.

Data for the report was gathered from the Kentucky Center for Statistics (KY STATS), which uses de-identified data on students from the Kentucky Department of Education regarding CTE pathway, industry certificate achievement, dual credit attainment, co-op participation, ACT score, GPA, and other demographics. KY STATS also incorporates information from the Council on Postsecondary Education regarding postsecondary degrees, and workforce data on wages per sector. Dr. Nelson stated the data is limited and does not reveal specific occupation, only sector, and does not indicate full-time versus part-time status. Additionally, CTE may have benefits not captured by wage data alone. Wage benefits of college degrees was not fully captured in this study because the study only followed graduates for five years.

The OEA study focused primarily on wage differences among those who completed a CTE pathway versus those who did not. There are 172 individual pathways which are subsequently grouped into 12 program areas for the report. Graduates completing four courses are considered 'completers.' The career pathways are designed to result in industry certificates or successful completion of state-approved assessments. In addition to classroom work, CTE frequently also incorporates work-based learning

and dual credit opportunities. However, work-based learning and dual credit were not incorporated in this study due to a lack of available data. Transition readiness is based on passing assessments but is not equivalent with completion of a CTE pathway.

As was presented in an earlier meeting, CTE is delivered through state operated area technology centers (ATCs) and local area vocational education centers (LAVECs). Also, CTE is delivered in comprehensive high schools and other district funded CTE centers as well as through KCTCS. Major CTE program areas include business, construction, health, information technology, manufacturing, and transportation and logistics among the HWHD sectors. Agriculture, arts, human services, law/public safety, retail, and STEM are additional programs areas, some of which include HWHD certificates as classified by KDE which annually revises their list of HWHD sectors. Dr. Nelson illustrated the availability of CTE throughout Kentucky using maps. State CTE funding is not adjusted for wealthier regions, and Dr. Nelson highlighted regions where there is greater access to CTE.

The KY STATS future skills report provided data on the projected availability of jobs in each of the 12 major occupation groups. The graph provided illustrated how the number of jobs in each sector could be qualified as low, medium, and high skill. It was evident that the majority of jobs in some sectors, such as food preparation, office administration and support, and sales, were low skill. In contrast, there were a few sectors with majority high skill jobs such as management, business, and education. Two-thirds of projected jobs did not require any education after high school. Dr. Nelson said it was necessary to keep this in mind when discussing wage data later in the report. Of the pathways that have not been identified as HWHD, agriculture had the most number of completers. With the exception of business and agriculture, demand exceeds completers in almost every category. In the manufacturing sector, over eight percent of projected jobs are in that sector, however there are significantly fewer completers in that sector. Additionally, in health, sales, education, food/accommodation, and transportation sectors there are less than half as many completers as there are projected job openings.

Variation in pathway completion depends on region, CTE delivery (whether in an ATC, LAVEC, or comprehensive high school), and student demographic group. In each of the Commonwealth's ten regions there was a much higher demand for employees in each sector than there was available supply of completers. Local area schools reported many barriers to meeting demand including cost of supplies, difficulty adding new pathways, lack of available qualified teachers, and lack of student interest. There was evidence during a school site visit of a very specialized and expensive program which was implemented with the support of local industry but, owing to a lack of student interest, the program was discontinued. This has resulted in the district being left with a considerable amount of expensive equipment for which it has no need.

There are also demographic differences among students, especially in comparison of the

manufacturing sector to the healthcare sector. There is a far greater number of females completing the healthcare pathway than males. The number of male completers of manufacturing pathways is 14% higher than that of females. Racial differences also exist with more black and Hispanic health completers compared to manufacturing; although, a significant number of health completers are also white. There are more students receiving free/reduced price lunch completing health pathways and more students with IEPs completing manufacturing pathways.

Employment data showed a majority of those employed in any sector were not completers of a CTE pathway. A large number of the completers in any sector were not completers of a pathway in that sector. Wages were also found to be lower in transportation, construction, and education sectors. A majority of graduates in the highest wage sectors were male, while a majority of those in the lower wage sectors are female. Wages of the 2013 graduating class who completed a pathway were also compared to non-completers. On average, those who completed a pathway had higher wages. However, when compared to those with postsecondary education (either a postsecondary certificate or an associate's degree) the difference was greatest between completers/non-completers with no postsecondary education. After attaining some postsecondary education, the difference in wages became less. There are much higher wages for manufacturing completers than for non-completers, even when they are not working in the manufacturing sector. The top five highest earning pathways of those without a postsecondary degree were manufacturing, transportation, agriculture, construction, and business. Given the relatively low agriculture demand, the high wages of the agriculture completers seems startling and will be discussed later.

Comparison of the manufacturing and health sectors illustrated a significantly higher wage for those who were completers and non-completers in manufacturing than for those in the health sector for all graduates. This appears to indicate a lower market valuation for healthcare jobs regardless of education level. High wage/high demand sectors are also privileged in the state accountability system, although there are some non-HWHD designated pathways that receive higher wages or are more locally valuable. Agriculture was frequently reported as a pathway that is not designated HWHD by KDE but would be more valuable on a local level in many areas of the state. Possible explanations for higher wages in agriculture include greater opportunities for work-based learning. Agriculture teacher's work year round in order to supervise student clubs and work-based learning, and some pathways include technical skills such as welding and carpentry that easily transfer to other sectors.

Wage increases were seen in all areas, including non-completers, with the addition of a postsecondary certificate. However, for healthcare employees, they still earned less with a postsecondary certificate than non-completers employed in the same sector. Attainment of an associate's degree was necessary for healthcare workers to achieve greater wages than those who were non-CTE completers. Higher wages were also seen for completers with a KOSSA

certificate as well as for non-completers with a KOSSA certificate. It was noted that CTE course completion was counted for accountability under the former state accountability system, but now a performance-based assessment is sufficient to count as transition ready. This may result in a shift among districts to reduce CTE and incorporation of more performance-based assessment. Longitudinal data indicated that there are still substantially higher wages for males than females among completers up to five years after graduation. However, this inference may be limited by the data not distinguishing between full-time and part-time employment. For 2013 graduates, there was a greater wage for CTE completers who were black or white compared to those who were Hispanic, and much greater for those not receiving free/reduced price lunch than those who did qualify for free/reduced price lunch.

In conclusion, there is clear and unmet demand for workers prepared to work in higher-wage sectors like manufacturing, transportation, and construction. Also, program completion in related sectors is uneven among regions, CTE delivery types, and student demographic groups. State investment in health pathways alone is insufficient to produce higher-wage workers. To achieve higher wages in healthcare jobs requires attainment of postsecondary degrees. The report resulted in other recommendations, including increased attention to access for higher-wage pathways particularly among underrepresented student groups. Local decision making is crucial in determining which pathways to support because in some cases, non-HWHD pathways may better reflect local needs and be associated with higher wages than state-level HWHD designated pathways. Additionally, CTE opportunities offered may not always be aligned with local workforce demand. Use of workforce data should be used to evaluate outcomes including program completion and wages as well as industry and state-approved assessments and wages.

Responding to a question from Senator Wilson, Dr. Nelson said the data was reported annually, because hourly wage data was not collected through KY STATS. If there were more data on these sectors, the comparisons could be more robust. There are also limitations on specific occupation within the sector.

In response to a question from Senator Wise, Dr. Nelson said the report focused on those who had completed a pathway. Because work-based learning is critical to participation in some pathways, that did inhibit the numbers who could participate and become a completer. This would impact the number who were then able to go into the workforce as a CTE completer. The study also did not take into account difference in urban/rural completion or allow for follow up on variations seen in district surveys.

Senator Wise made a motion to accept the report as presented, seconded by Representative Riley. The motion passed by voice vote.

2020 OEA Research Agenda

David Wickersham, Deputy Director, OEA came forward to discuss the proposed research agenda for OEA in the coming year. In addition to the annual District Data Profiles, there will be a report on facilities and one on graduation requirements. The facilities report will include the process for completing

facilities upgrades in Kentucky's public schools, especially focusing on how upgrades are prioritized and funded. It will also look at how effective this process is. The report on graduation requirements will examine the new graduation requirements, effective for students beginning in the 2019-2020 school year, including the impact on graduation rates. The study will also look at the feasibility for districts to provide all options within the new requirements and possible inequities in graduation requirements at the district level.

In response to a question from Representative Bojanowski, Mr. Wickersham said the facilities report will provide an overview largely from a KDE and state-wide level. Also, the annual report of OEA investigations and the district data profiles will be presented in the same manner they have been in years past.

Senator Wise made a motion to adopt the research agenda, seconded by Representative Riley. The motion passed by voice vote.

With no further business to come before the committee the meeting adjourned at 10:49 a.m.

GOVERNMENT CONTRACT REVIEW COMMITTEE

Committee Minutes

February 11, 2020

Call to Order and Roll Call

The Government Contract Review Committee met on Tuesday, February 11, 2020, at 3:20 PM, in Room 131 of the Capitol Annex. Representative Stan Lee, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Stephen Meredith, Co-Chair; Representative Stan Lee, Co-Chair; Senator Paul Hornback; Representatives Chris Fugate, and Mark Hart.

Guests: Wesley Phelps, Kelley Scott, Lindsay Jackson, Linda Randulfe, Shanon Maggard, Eric Pelfrey, Jason Hyatt, Susan Oatman, Joe Gossage, Barry Swanson, Sandra Broadus, Lance Broeking, Leslie Oliver, Jeppie Sumpter, Ronnie Bastin, Hilarye Dailey, Brad Holajter, Joan Graham, Jennifer Linton, Jon Maybriar, and Clifford Hall.

LRC Staff: Kim Eisner, Jarrod Schmidt, and Kim Smith.

A motion was made by Representative Fugate to approve Minutes of the January 2020, meeting of the committee. Senator Hornback seconded the motion, which passed without objection.

JANUARY DEFERRED ITEM:

WESTERN KENTUCKY UNIVERSITY

Prenatal and Postpartum Fitness, LLC, 192028. A motion was made Senator Meredith to consider the contract as reviewed. Senator Hornback seconded the motion, which passed without objection.

A motion was made by Senator Meredith to consider as reviewed the Personal Service Contract List, with exception of those items selected for further review by members of the committee. Representative Fugate seconded the motion, which passed without objection.

A motion was made by Senator Meredith to consider as reviewed the Personal Service Contract Amendment List, with exception of those items selected for further review by members of the committee. Representative Fugate seconded the motion, which passed without objection.

A motion was made by Senator Meredith to consider as reviewed the Memoranda of Agreement List, with exception of those items selected for further review by members of the committee. Representative Fugate seconded the motion, which passed without objection.

A motion was made by Senator Meredith to consider as reviewed the Memoranda of Agreement Amendment List, with exception of those items selected for further review by members of the committee. Representative Fugate seconded the motion, which passed without objection.

A motion was made by Senator Meredith to consider as reviewed the Correction List. Representative Fugate seconded the motion, which passed without objection.

THE FOLLOWING PERSONAL SERVICE CONTRACTS WERE REVIEWED WITHOUT OBJECTION:

ATTORNEY GENERAL

Downs Law, 2000001389; Gess Mattingly and Atchison, 2000001390; Goldberg Simpson, LLC, 2000001391; Kinkead & Stilz, PLLC, 2000001392.

DEPARTMENT OF HIGHWAYS

Michael Baker International, Inc., 2000001278; Palmer Engineering County, 2000001280; HDR Engineering, Inc., 2000001344.

DEPARTMENT OF MILITARY AFFAIRS

Federal Resources Supply Company, 2000000989.

EASTERN KENTUCKY UNIVERSITY

Sage Productions, Inc. d/b/a Corwin Press, 20-290; Colorado Seminary d/b/a University of Denver - Butler Institute for Families, 20-295.

FACILITIES & SUPPORT SERVICES

KZF Design, Inc., 2000000692.

KENTUCKY EMPLOYERS MUTUAL INSURANCE

Kentucky Correctional Industries, 20-KCI-001.

KENTUCKY STATE POLICE

James Gregory Jones, 1900003262-1; Derris Mitchell Hedger, 2000001174; Kevin Drew Flick, 2000001347; James Glenn Reed, 2000001349.

KY BOARD OF LICENSURE FOR PRIVATE INVESTIGATORS

Mary E. Martins, 2000001225.

KY COMMUNITY TECHNICAL COLLEGE SYSTEM

Star Educational Programming LLC, 782.

LEGISLATIVE RESEARCH COMMISSION
Ms. Kristin Putnam, 19/20-03.

MOREHEAD STATE UNIVERSITY
Dean Dorton Allen Ford, PLLC, 20-026.

MURRAY STATE UNIVERSITY
Dean Dorton Allen Ford, PLLC, 020-20.

NORTHERN KENTUCKY UNIVERSITY
BKD, LLP, 2020-111.

OFFICE OF HOMELAND SECURITY
MCP Acquisition Corporation / Mission Critical Partners, LLC, 1900001823-1.

TOURISM - OFFICE OF THE SECRETARY
Camoin Associates, Inc., 2000001269.

TRANSPORTATION - OFFICE OF THE SECRETARY
Riverlands Marine Surveyors and Consultants, Inc., 2000001227.

UNIVERSITY OF KENTUCKY
CMTA, Inc., A201160; Lord, Aeck, & Sargent, Inc., A201170; Born, LLC, K20-144; Born, LLC, K20-145.

UNIVERSITY OF LOUISVILLE
Robert W. Baird & Company, Inc., 20-051.

THE FOLLOWING PERSONAL SERVICE AGREEMENTS WERE REVIEWED WITHOUT OBJECTION:

BOARD OF DENTISTRY
McBrayer McGinnis Leslie and Kirkland, PLLC, 1900001149.

DEPARTMENT OF HIGHWAYS
Hall Harmon Engineers, Inc., 0700004926; Integrated Engineering, 1600000938; Stantec Consulting Services, Inc., 1700000621; Integrated Engineering, Inc., 1800000420.

DEPARTMENT OF JUVENILE JUSTICE
Symphony Diagnostics Services No.1, LLC, 1800002058; Guardian Healthcare Providers, Inc., 1800002059; Brenda Wilburn, 1800002107.

EASTERN KENTUCKY UNIVERSITY
Murphy Group Architects, PLLC, 20-098; Crowe, LLP, 20-244.

FACILITIES & SUPPORT SERVICES
Ross Tarrant Architects, Inc., 1800000590; EOP Architects, PSC, 1900002963.

KY COMMUNITY TECHNICAL COLLEGE SYSTEM
Scoppechio, 767.

MURRAY STATE UNIVERSITY
Murphy Group Architects, PLLC, 018-19; Luckett & Farley Architects, Engineers and Construction Managers, Inc., 020-18.

NORTHERN KENTUCKY UNIVERSITY
Gage Pain Consulting, LLC, 2020-301.

SECRETARY OF STATE
Tachau Meek, PLC, 1900002043; Dinsmore & Shohl, LLP, 1900002893.

TRANSPORTATION - OFFICE OF THE SECRETARY
Gerner & Kearns County PSC, 1900004023; Gerner & Kearns County PSC, 1900004047; Greg Taylor, 1900004049.

UNIVERSITY OF KENTUCKY
Omni Architects, A181090; Multi, A201000; Multi, A201010; Multi, A201020; Multi, A201030; Multi, A201040; Multi, A201050; Multi, A201060; JRA Architects, A201120; Lord, Aeck, & Sargent, Inc., A201130.

UNIVERSITY OF LOUISVILLE
Multi, 19-013 A-O; Huron Consulting Services, LLC, 20-026.

WESTERN KENTUCKY UNIVERSITY
Luckett and Farley, 182034.

THE FOLLOWING MEMORANDA OF AGREEMENTS WERE REVIEWED WITHOUT OBJECTION:

ADMINISTRATIVE OFFICE OF THE COURTS
Mountain Comprehensive Care Center, 2000001332; Mountain Comprehensive Care Center, 2000001333; Lake Cumberland Mental Health Mental Retardation Board d/b/a The Adanta Group, 2000001334; Communicare, Inc., 2000001335; Northern Kentucky Regional Mental Health Mental Retardation Board, 2000001413; Transitions, Inc. d/b/a Womens Residential, 2000001414.

DEPARTMENT FOR LOCAL GOVERNMENT
City of Mortons Gap, 2000000818; City of Albany, 2000000856; Carter County Fiscal Court, 2000001006; Boone County Fiscal Court, 2000001020; Knott County Fiscal Court, 2000001050; Johnson County Fiscal Court, 2000001149; Woodford County, 2000001150; Butler County Fiscal Court, 2000001151; Clay County Fiscal Court, 2000001189; Christian County, 2000001218; Harlan County Industrial Development Authority, Inc., 2000001279; Logan Industrial Development Authority, Inc., 2000001281; Cadiz-Trigg County Industrial Development Authority, 2000001282; Elkton-Todd County Industrial Foundation, 2000001283; Columbia-Adair County Economic Development Authority, Inc., 2000001289; Muhlenberg Alliance for Progress, 2000001290; Marshall County Industrial Development Authority, 2000001291; Ballard County Economic Industrial Development Authority, 2000001292; Edmonton-Metcalf County Industrial Development Authority, 2000001293; Webster County Fiscal Court, 2000001320; Leitchfield Grayson County Industrial Corporation, 2000001321; City of Mount Vernon, 2000001324; Harlan County Fiscal

Court, 2000001325; Madison County Fiscal Court, 2000001337.

DEPARTMENT FOR WORKFORCE INVESTMENT
Graves County Board of Education, 2000000779.

DEPARTMENT OF AGRICULTURE
Tri State Food Bank, Inc., 2000000596; Jessamine County Fair Association, 2000001257; Greenup County Fair, 2000001260; Russell County Jaycees, 2000001261.

DEPARTMENT OF EDUCATION
Cabinet for Health and Family Services - DBHDID, 2000000704.

OFFICE OF INSPECTOR GENERAL
Second Wind Dreams, Inc., 2000000702.

THE FOLLOWING MEMORANDA OF AGREEMENT AMENDMENTS WERE REVIEWED WITHOUT OBJECTION:

BEHAVIORAL HEALTH, DEVELOPMENTAL & INTELLECTUAL DISABILITIES
Centerstone of Kentucky, Inc., 1900001947; Appalachian Regional Healthcare, Inc., 1900002524; Kenton County Fiscal Court, 1900002798; Kentuckiana Health Collaborative, 1900003849; University of Kentucky Research Foundation, 2000000707.

CHFS - DEPARTMENT FOR AGING AND INDEPENDENT LIVING
Northern Kentucky Cooperative for Educational Services, Inc., 1900000854; Multi, 1900004491.

DEPARTMENT FOR COMMUNITY BASED SERVICES
Kentucky Housing Corporation, 1900003852; University of Louisville Research Foundation, 2000000747.

DEPARTMENT FOR FAMILY RESOURCE CENTERS & VOLUNTEER SERVICES
Unlawful Narcotics Investigations Treatment and Education, 1900002206; Northern Kentucky Cooperative for Educational Services, Inc., 1900004679.

DEPARTMENT FOR LOCAL GOVERNMENT
Breathitt County Fiscal Court, 1900003541.

DEPARTMENT FOR PUBLIC HEALTH
Norton Healthcare, 1800001906; University of Kentucky, 1800002050.

DEPARTMENT FOR WORKFORCE INVESTMENT
Eastern Kentucky University, 1900000621.

DEPARTMENT OF AGRICULTURE
University of Kentucky, 1900000360; Multi, 1900003210.

DEPARTMENT OF EDUCATION
Anderson County Board of Education,

1900004142; Scott County Board of Education, 1900004153; Berea Independent Board of Education, 2000000486.

DEPARTMENT OF MILITARY AFFAIRS

University of Kentucky Research Foundation, 1700001210.

TRANSPORTATION - OFFICE OF THE SECRETARY

University of Kentucky Research Foundation, 1800001510-1; Kentucky Organization of Professional Archaeologists, Inc., 1900003619.

THE FOLLOWING PERSONAL SERVICE CONTRACTS WERE SELECTED FOR FURTHER REVIEW:

DEPARTMENT FOR INCOME SUPPORT

Sandra F. Geile, 2000000901. Wesley Phelps, Kelley Scott, and Lindsay Jackson discussed the contract with the committee. A motion was made by Representative Fugate to consider the contract as reviewed. Senator Meredith seconded the motion, which passed.

DEPARTMENT OF HIGHWAYS

Haworth Meyer Boleyn, Inc., 2000001383. Eric Pelfrey and Jason Hyatt discussed the contract with the committee. A motion was made by Senator Meredith to consider the contract as reviewed. Senator Hornback seconded the motion, which passed.

KENTUCKY EDUCATIONAL TELEVISION

William Clint Goins, 2000001304. Linda Randulfe and Shanon Maggard discussed the contract with the committee. A motion was made by Senator Meredith to consider the contract as reviewed. Representative Lee seconded the motion, which passed.

UNIVERSITY OF KENTUCKY

Gresham Smith, A201180. Barry Swanson, Sandra Broadus, and Lance Broeking discussed the contract with the committee. A motion was made by Representative Hart to consider the contract as reviewed. Representative Fugate seconded the motion, which passed with Senator Hornback and Senator Meredith voting no.

UNIVERSITY OF KENTUCKY

Mary Shelman, K20-147. Barry Swanson and Leslie Oliver discussed the contract with the committee. A motion was made by Senator Hornback to consider the contract as reviewed. Representative Hart seconded the motion, which passed.

WESTERN KENTUCKY UNIVERSITY

Affirma Consulting, LLC, 192031. Jeppie Sumpter discussed the contract with the committee. A motion was made by Senator Meredith to consider the contract as reviewed. Senator Hornback seconded the motion, which passed.

THE FOLLOWING PERSONAL SERVICE AMENDMENTS WERE SELECTED FOR FURTHER REVIEW:

DEPARTMENT OF CORRECTIONS

Diamond Drugs, Inc., 1900001789. Ronnie Bastin, Hilarye Dailey, Brad Holajter, and Joan Graham discussed the contract with the committee. A motion was made by Senator Meredith to consider the contract as reviewed. Representative Hart seconded the motion, which passed.

DEPARTMENT OF HIGHWAYS

URS Corporation, 1400000710; HDR Engineering, Inc. 1600000936. Eric Pelfrey and Susan Oatman discussed the contracts with the committee. A motion was made by Senator Hornback to consider the contracts as reviewed. Representative Hart seconded the motion, which passed.

DEPARTMENT OF HIGHWAYS

Haworth Meyer Boleyn, Inc., 1900003159. Joe Gossage and Eric Pelfrey discussed the contract with the committee. A motion was made by Senator Meredith to consider the contract as reviewed. Representative Hart seconded the motion, which passed.

FACILITIES & SUPPORT SERVICES

Wood Environment & Infrastructure Solutions, Inc., 1900003530. Jennifer Linton, Jon Maybriar, and Clifford Hall discussed the contract with the committee. A motion was made by Senator Meredith to consider the contract as reviewed. Representative Hart seconded the motion, which passed with Senator Hornback, Representative Fugate, and Representative Lee voting no.

EXEMPTION REQUESTS:

CABINET FOR HEALTH AND FAMILY SERVICES:

The Cabinet for Health and Family Services (CHFS) requests an exemption from the committee's routine review process for CHFS Intra-Agency Agreements and will provide semi-annual reports. A motion was made by Senator Meredith to grant the request to June 30, 2022. Senator Hornback seconded the motion, which passed without objection.

DEPARTMENT OF AGRICULTURE

The Department of Agriculture requests and exemption from the Committee Policy Statement #99-4 which prohibits contracts and agreements from extending beyond biennium for the purpose of paying six food banks for services in the Food Distribution Purchase Program (Dare to Care Food Bank, God's Pantry Food Bank, Feeding America KY's Heartland, Tri-State Food Bank, Northern KY Area Development District and Purchase Area Development District). A motion was made by Senator Meredith to grant the request to December 31, 2020. Senator Hornback seconded the motion, which passed without objection.

ENERGY AND ENVIRONMENT CABINET

The Energy and Environment Cabinet, Division of Compliance Assistance (DCA) requests an exemption from Committee Policy #99-4 which

prohibits contracts and agreements from extending beyond biennium for the Brownfield, Abandoned and Dilapidated (BAD) Building Demonstration Project. A motion was made by Senator Meredith to grant the request to September 30, 2020. Senator Hornback seconded the motion, which passed without objection.

There being no further business, the meeting adjourned at 4:56 PM.

CAPITAL PROJECTS AND BOND OVERSIGHT COMMITTEE

Minutes

February 18, 2020

Call to Order and Roll Call

The Capital Projects and Bond Oversight Committee meeting was held on Tuesday, February 18, 2020, at 1:00 PM, in Room 131 of the Capitol Annex. Representative Walker Thomas, Chair, called the meeting to order, and the secretary called the roll. Representative Thomas noted that the committee met every month, with a quorum, under his and Senator Girdler's chairmanship.

Present were:

Members: Senator Rick Girdler, Co-Chair; Representative Walker Thomas, Co-Chair; Senators Julian M. Carroll and Robby Mills; Representatives Phillip Pratt and Maria Sorolis.

Guests: Janice Tomes, Deputy State Budget Director; Scott Aubrey, Director, Division of Real Properties, Department for Facilities and Support Services; Edith Halbleib, Executive Director, Kentucky Infrastructure Authority; Linda Bridwell, Deputy Executive Director, Kentucky Infrastructure Authority; and Ryan Barrow, Executive Director, Office of Financial Management.

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

Approval of Minutes

Senator Carroll moved to approve the January 21, 2020 meeting minutes. Senator Mills seconded the motion, and the committee approved the minutes by voice vote.

Information Items

Ms. Halloran reported two information items. Pursuant to KRS 45.750(5), the University of Louisville reported three research equipment purchases totaling just over \$920,000; two for the Speed School of Engineering, a \$379,700 microscope with federal grant and departmental monies and a \$274,900 structural testing system with a private donation, and one for the Department of Ophthalmology and Visual Sciences, a \$268,500 microscope with a private donation. Pursuant to KRS 45.812(1), five school districts reported anticipated debt issues totaling over \$111 million for which tax increases were not necessary.

Project Report from the Finance and Administration Cabinet

Ms. Tomes reported a \$7.5 million Agricultural Development Board allocation for the Tourism, Arts and Heritage Cabinet, Kentucky State Fair Board, Entry Gate Remodel project at the Kentucky

Exposition Center, the demolition and rebuild of Gate Entrance 1 to increase lanes from eight to ten.

Lease Report from the Finance and Administration Cabinet

Mr. Aubrey reported a lease modification and an emergency lease. The lease modification was for Department of Public Advocacy office space in Warren County; a 1,268 square feet increase and \$17,022 renovation cost amortization through the June 30, 2020 lease expiration. The agency selected C&P Construction's lower of the two renovation estimates. The KRS 56.805 emergency lease was for Transportation Cabinet (KYTC), Department of Highways, replacement space in Casey County after KYTC's Casey County Maintenance Garage caught fire on February 7, 2020. The replacement space is around 14,400 square feet at a \$7,500 flat monthly rate through June 30, 2021.

Office of Financial Management Kentucky Infrastructure Authority

Ms. Halbleib, Executive Director, Kentucky Infrastructure Authority (KIA), introduced herself to the committee.

Ms. Bridwell submitted three Fund A and one Drinking Water State Revolving Fund (Fund F) loan requests.

Senator Carroll moved to roll the Clean Water State Revolving Fund (Fund A) Program loans into one roll call vote, seconded by Senator Mills, and approved by voice vote.

Due to higher than anticipated bids, the City of Louisa, Lawrence County, requested a \$688,578 increase to its previously approved \$3,339,588 Fund A construction loan, which included the \$232,000 planning and design loan, for its Inflow and Infiltration Rehabilitation project. The \$4,028,166 total loan amount, of which KIA will apply \$1 million in principal forgiveness, will finance the entire project. For 4,000 gallons, effective since July 1, 2019, the inside and outside city monthly sewer rates are \$43.72 and \$47.32. The term is 20 years at a 0.50 percent interest rate.

In response to Representative Sorolis, Ms. Bridwell said that the submitted loan increases today are either entirely or partially due to higher bids, which could continue due to few contractors bidding on projects, and that KIA has consulted with project engineers to address the issue.

Due to project modifications and higher than anticipated bids, the City of Morehead, Rowan County, requested an \$850,000 increase to its previously approved \$3.65 million Fund A loan for the US 60 West and KY 801 Sanitary Sewer Overflow Correction project. The \$4.5 million total loan amount will finance the entire project. For 4,000 gallons, effective since August 1, 2018, the inside and outside city monthly sewer rates are \$29.76 and \$35.09. The term is 20 years at a two percent interest rate.

The City of Russell, Greenup County, requested a \$500,000 Fund A loan to finance the entire Infiltration and Inflow Study and Sewer Rehab project. For 4,000 gallons, effective since July 1, 2014, the monthly sewer rate is \$23.75. The term is 20 years at a 2.50 percent interest rate.

Senator Girdler moved to approve the Fund A loans, seconded by Senator Mills, and approved by

unanimous roll call vote.

Due to higher than expected bids, the City of Burnside, Pulaski County, requested a \$573,000 increase to its previously approved \$2.227 million Fund F loan for its Burnside Combined Waterline Improvements project. The \$2.8 million total loan amount, of which KIA will apply \$1.113 million in principal forgiveness, will finance the entire project. For 4,000 gallons, effective since July 1, 2019, the monthly water rate is \$52.22. The term is 30 years at a 0.50 percent interest rate.

In response to Senator Carroll, Ms. Bridwell confirmed that the \$47.43 monthly sewer rate is in addition to water, bringing monthly water and sewer to around \$100 based upon 4,000 gallons, and referenced KIA's principal forgiveness. Senator Carroll noted KIA's application of the lowest non-standard interest rate to the project.

Senator Girdler stated that the project was in his county and that Burnside, an island surrounded by Lake Cumberland, has water and sewer issues.

Senator Mills moved to approve the loan, seconded by Senator Girdler, and approved by unanimous roll call vote.

Office of Financial Management New Debt Issue

Mr. Barrow submitted the University of Louisville (UofL) General Receipts Refunding Bonds, 2021 Series A. This tax-exempt forward delivery transaction is similar to one of the four series of the State Property and Buildings Commission (SPBC) Revenue and Revenue Refunding Bonds, Project No. 122 issue approved by the committee in September 2019. The SPBC tax-exempt forward delivery series and taxable advance refunding series were structured to accommodate federal tax law changes. For this transaction, the university and its financial advisor as well as OFM determined that a tax-exempt forward delivery versus a taxable advance refunding, or combination of the two, would generate the greatest savings. The estimated net present value savings is \$2.3 million, above eleven percent, and estimated annual cash flow savings is around \$240,000 from fiscal year 2022 through fiscal year 2032. The university received eight responses to its request for proposals on February 14 and, with committee approval, will finalize the rates on March 11. The issue will close June 4 of next year, within ninety days of the prior issue's earliest redemption date.

Senator Carroll moved to approve the debt issue, seconded by Representative Sorolis, and approved by unanimous roll call vote.

School District Debt Issues with School Facilities Construction Commission Debt Service Participation

Senator Carroll move to roll the 11 school district debt issues into one roll call vote, seconded by Senator Girdler, and approved by voice vote.

Mr. Barrow submitted 11 school district debt issues with School Facilities Construction Commission (SFCC) debt service participation; seven for new projects (Adair County, Bardstown Independent (Nelson County), Boyle County, Clay County, Edmonson County, Frankfort Independent (Franklin County), and Graves County school districts) for which tax increases were not necessary

and four current refundings (Clark County, Greenup County, Johnson County, and Martin County school districts). The respective approximate issuance amounts and debt service participation for the new projects and refinancings are \$53 million with 9.2 percent SFCC and 90.8 percent local participation and \$6.6 million with 90 percent SFCC and 10 percent local participation. Two of the refunding transactions refinanced Build America Bonds.

In response to Representative Thomas, Mr. Barrow said that the prior debt was issued in 2010.

Senator Carroll moved to approve the school district debt issues, seconded by Senator Girdler, an approved by unanimous roll call vote.

Representative Thomas announced the Tuesday meeting dates for the next three months: March 17, 2020, 8:00 a.m.; April 14, 8:00 a.m.; and May 26, 1:00 p.m.

With there being no further business the meeting adjourned at 1:23 p.m.

GOVERNMENT CONTRACT REVIEW COMMITTEE Committee Minutes March 10, 2020

Call to Order and Roll Call

The Government Contract Review Committee met on Tuesday, March 10, 2020, at 5:30 PM, in Room 131 of the Capitol Annex. Senator Stephen Meredith, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Stephen Meredith, Co-Chair; Representative Stan Lee, Co-Chair; Senator Phillip Wheeler; Representatives Chris Fugate, and Mark Hart.

Guests: Danny Peake, Eric Pelfrey, Jeremy Ratliff, Tracy Thurston, and Beth Roark.

LRC Staff: Kim Eisner, Jarrod Schmidt, and Kim Smith.

A motion was made by Representative Lee to approve Minutes of the February 2020, meeting of the committee. Representative Fugate seconded the motion, which passed without objection.

A motion was made by Representative Hart to consider as reviewed the Personal Service Contract List, with exception of those items selected for further review by members of the committee. Representative Lee seconded the motion, which passed without objection.

A motion was made by Representative Hart to consider as reviewed the Personal Service Contract Amendment List, with exception of those items selected for further review by members of the committee. Representative Lee seconded the motion, which passed without objection.

A motion was made by Representative Hart to consider as reviewed the Memoranda of Agreement List, with exception of those items selected for further review by members of the committee. Representative Lee seconded the motion, which passed without objection.

A motion was made by Representative Hart to consider as reviewed the Memoranda of Agreement Amendment List, with exception of those items selected for further review by members of the committee. Representative Lee seconded the motion, which passed without objection.

A motion was made by Representative Hart to consider as reviewed the Correction List. Representative Lee seconded the motion, which passed without objection.

THE FOLLOWING PERSONAL SERVICE CONTRACTS WERE REVIEWED WITHOUT OBJECTION:

BEHAVIORAL HEALTH, DEVELOPMENTAL & INTELLECTUAL DISABILITIES

Debra Pinals, 2000000516; Reach of Louisville, Inc., 2000001388.

BOARD OF MEDICAL LICENSURE

Keith Hardison, 2000001404; Thomas J. Hellmann Attorney-At-Law, PLLC, 2000001405.

DEPARTMENT FOR COMMUNITY BASED SERVICES

National Council On Crime and Delinquency, 2000001141.

DEPARTMENT FOR INCOME SUPPORT

Melissa J. Mollett, 2000001201.

DEPARTMENT OF CORRECTIONS

McBrayer, PLLC, 2000001255.

DEPARTMENT OF EDUCATION

Walter W. Hulett, 2000001603.

DEPARTMENT OF HIGHWAYS

Glaus, Pyle, Schomer, Burns & Dehaven, Inc., 2000001564; Palmer Engineering County, 2000001670.

KENTUCKY EMPLOYERS MUTUAL INSURANCE

Pharmacy Investigators & Consultants, LLC, 20-PIC-001.

KENTUCKY RETIREMENT SYSTEMS

The Segal Company (Midwest), Inc., 2000001204.

KENTUCKY STATE POLICE

Joseph Clayton Lucas, 2000001348; Tommy Wesley Prather, 2000001506; Charles Brian Bowman, 2000001575.

KY COMMUNITY TECHNICAL COLLEGE SYSTEM

Preston Pulliams d/b/a Gold Hill Associates, LLC, 783.

KY HOUSING CORPORATION

Crowe LLP, f/k/a Crowe Horwath, 2021-01; Septtimous Tayler PSC, 2021-10; Stierle and Rettig, PLLC, 2021-11; McBrayer, McGinnis, Leslie & Kirkland, PLLC, 2021-12; Walther, Gay & Mack, PLC,

2021-13; Regulatory Solutions, LLC, 2021-2; Caine Mitter & Associates, Inc., 2021-3; BLX Group, LLC, 2021-4; Valbridge Property Advisors, 2021-7.

MILITARY AFFAIRS COMMISSION

Strategy Ninja Group, LLC, 2000001515; Kratzer Consulting, LLC, 2000001517.

MURRAY STATE UNIVERSITY

Beacon Technologies, Inc., 021-20; Dinsmore & Shohl, LLP, 022-20; Robert W. Baird & Company, Inc., 023-20; Ross-Tarrant Architects, 024-20; Peck, Flannery, Green, Warren, Inc., 025-20; Sherman Carter Barnhart Architects, 026-20.

NORTHERN KENTUCKY UNIVERSITY

Commonwealth Economics Partners, 2020-112; Sigma Systems, Inc., 2020-113; Witt Kieffer, Inc., 2020-114; McClure Services, LLC, 2020-115.

OFFICE OF INSPECTOR GENERAL

Healthcare Management Solutions, LLC, 2000001310.

UNIVERSITY OF LOUISVILLE

Aerospace Business Development Associates, Inc., 20-057; Darryl Hanks, 20-058.

WESTERN KENTUCKY UNIVERSITY

Multi, 192033; Kroll Associates, Inc., 192034.

THE FOLLOWING PERSONAL SERVICE AMENDMENTS WERE REVIEWED WITHOUT OBJECTION:

ADMINISTRATIVE OFFICE OF THE COURTS

Sturgill, Turner, Barker & Moloney, PLLC, 1900004748.

DEPARTMENT OF EDUCATION

Walter W. Hulett, 1900000450.

DEPARTMENT OF HIGHWAYS

GRW Engineers, Inc., 1300002158; Stantec Consulting Services, Inc., 1500002598; J. M. Crawford and Associates, Inc., 1600000216; Hanson Professional Services, Inc., 1600000599; H. A .Spalding, Inc., 1700001270; Aecom Technical Services, Inc., 1700001614; Palmer Engineering County, 1700002768; Burgess and Niple, Inc., 1800000343; GRW Aerial Surveys, Inc., 1800000366; Stantec Consulting Services, Inc., 1800000730; Burgess and Niple, Inc., 1800002263; Aecom Technical Services, Inc., 1900002157; GRW Engineers, Inc., 1900003071; Strand Associates, Inc., 1900003588.

DEPARTMENT OF JUVENILE JUSTICE

Guardian Healthcare Providers, Inc., 1800002059; Brenda Wilburn, 1800002107; Pharmacy Alternatives, LLC, 1900000062; Pharmacy Alternatives, LLC, 1900000062; Brenda Wilburn, 1900000157; Angela Jessie, 1900000160.

DEPARTMENT OF VETERANS AFFAIRS

Multi, 1900002168.

FACILITIES & SUPPORT SERVICES

Third Rock Consultants, LLC, 1800000968; Omni Architects, 1900003529; Redwing Ecological Services, Inc., 2000000086; EOP Architects PSC, 2000000693.

FINANCE - OFFICE OF THE SECRETARY

Multi, 1800002233; Goldberg Simpson, LLC, 1900000088; Vanantwerp Attorneys, LLP, 1900000716.

KENTUCKY EMPLOYERS MUTUAL INSURANCE

Multi, 20-CLD-001.

KENTUCKY FISH AND WILDLIFE RESOURCES

Copperhead Environmental Consulting, Inc., 1900003399.

UNIVERSITY OF KENTUCKY

GBBN, A161200; JRA Architects, A171110; Multi, A201000; Barnett, Benevenuti & Butler, PLLC, K19-129; Benson Law Offices, K19-196; Koch Modular Process Systems, K20-133.

UNIVERSITY OF LOUISVILLE

Hyphae Design Laboratory, LLC, 19-082; University Professional Continuing Education Association, 20-013.

WESTERN KENTUCKY UNIVERSITY

Multi, 182014; Sibson Consulting, Division of the Segal Group, 182016.

THE FOLLOWING MEMORANDA OF AGREEMENTS WERE REVIEWED WITHOUT OBJECTION:

ADMINISTRATIVE OFFICE OF THE COURTS

Morehead State University, 2000001442.

DEPARTMENT FOR ENVIRONMENTAL PROTECTION

Pulaski County Conservation District, 2000001070.

DEPARTMENT FOR LOCAL GOVERNMENT

Perry County Fiscal Court, 2000000861; Hickman County Fiscal Court, 2000000988; Bell County, 2000001147; Ohio County Industrial Development Authority, Inc., 2000001295; City of Beattyville, 2000001327; City of Pikeville, 2000001437; Inter-Modal Transportation Authority, Inc., 2000001439; Murray-Calloway Industrial Authority, 2000001440; Whitley County Fiscal Court, 2000001454; Paducah-McCracken County Industrial Development Authority, 2000001605; Ohio County Fiscal Court, 2000001612; Ohio County Fiscal Court, 2000001614.

DEPARTMENT FOR PUBLIC HEALTH

Center for Human Entrepreneurship, 2000001144.

DEPARTMENT OF AGRICULTURE

Dare To Care, Inc., 2000001368; Gods Pantry

Food Bank, Inc., 2000001369; Feeding America, Kentucky's Heartland, 2000001370.

DEPARTMENT OF CORRECTIONS

University of Kentucky Research Foundation, 2000001071.

DEPARTMENT OF EDUCATION

Phi Delta Kappa, 2000000863; Kentucky Educational Development Corporation, 2000001157; Green River Regional Educational, 2000001380; Kentucky Valley Educational Cooperative, 2000001381.

DEPARTMENT OF JUVENILE JUSTICE

University of Cincinnati, 2000000393.

DEPARTMENT OF MILITARY AFFAIRS

Multi, 2000001192.

MILITARY AFFAIRS COMMISSION

University of Louisville Research Foundation, 2000001258.

THE FOLLOWING MEMORANDA OF AGREEMENT AMENDMENTS WERE REVIEWED WITHOUT OBJECTION:

ADMINISTRATIVE OFFICE OF THE COURTS

Pennyroyal Regional Mental Health Mental Retardation Board, 1900004749.

BEHAVIORAL HEALTH, DEVELOPMENTAL & INTELLECTUAL DISABILITIES

National Council for Behavioral Health, 1900004289.

COUNCIL ON POSTSECONDARY EDUCATION

University of Kentucky Research Foundation, 1900004325.

DEPARTMENT FOR COMMUNITY BASED SERVICES

University of Kentucky Research Foundation, 1800002000; Eastern Kentucky University, 1900004478.

DEPARTMENT FOR FAMILY RESOURCE CENTERS & VOLUNTEER SERVICES

Multi, 1900002169; Green River Area Development District, 1900002498; Teach Kentucky, Inc., 1900002504; Multi, 1900004440; Multi, 1900004536; Multi, 1900004858.

DEPARTMENT FOR LOCAL GOVERNMENT

McLean County Fiscal Court, 2000000082.

DEPARTMENT FOR PUBLIC HEALTH

Heartland Cares, Inc., 1800001772; University of Louisville Research Foundation, 1900003019; University of Louisville Research Foundation, 1900003155; Kentucky Cancerlink, Inc., 1900004009; Cancer Survivors Against Radon, Inc., 1900004173.

DEPARTMENT OF AGRICULTURE

Multi, 1900003211.

DEPARTMENT OF EDUCATION

Hopkins County Board of Education, 1900004152; Bellevue Independent School District, 1900004236; Berea Independent Board of Education, 1900004237; Clark County Board of Education, 1900004246; Cumberland County Board of Education, 1900004249; Danville Independent School District, 1900004250; Fayette County Board of Education, 1900004251; Floyd County Board of Education, 1900004252; Glasgow Independent School District, 1900004255; Jackson County Board of Education, 1900004258; Martin County Board of Education, 1900004268; Russellville Independent School District, 1900004278; Wayne County Board of Education, 1900004282; Lawrence County Board of Education, 1900004824; Western Kentucky University, 1900004992.

THE FOLLOWING PERSONAL SERVICE CONTRACTS WERE SELECTED FOR FURTHER REVIEW:

DEPARTMENT OF HIGHWAYS

Palmer Engineering Company, 2000001750; H. W. Lochner, Inc., 2000001751; Haworth Meyer Boleyn, Inc., 2000001753; QK4, Inc., 2000001754. Danny Peake and Eric Pelfrey discussed the contracts with the committee. A motion was made by Senator Wheeler to consider the contracts as reviewed. Representative Hart seconded the motion, which passed.

KY HOUSING CORPORATION

Gibson Consulting, LLC, 2021-5; T. Ronald Brown: Research and Analysis, 2021-6; Value Tech Realty Services, Inc., 2021-8; Vogt Santer Insights, LTD. Co., 2021-9. Jeremy Ratliff and Tracy Thurston discussed the contracts with the committee. A motion was made by Representative Lee to consider the contracts as reviewed. Representative Hart seconded the motion, which passed.

THE FOLLOWING MEMORANDA OF AGREEMENTS WERE SELECTED FOR FURTHER REVIEW:

DEPARTMENT FOR WORKFORCE INVESTMENT

Bank Street College of Education, 2000001254. Beth Roark discussed the contract with the committee. A motion was made by Representative Hart to consider the contract as reviewed. Representative Fugate seconded the motion, which passed.

EXEMPTION REQUESTS:

KENTUCKY BOARD OF VETERINARY EXAMINERS:

The Kentucky Board of Veterinary Examiners requests an exemption from Committee Policy Statement #99-4 which prohibits contracts and agreements from extending beyond the biennium for the purpose of educating veterinarian and veterinary technician licensees of the Board. A motion was made by Senator Wheeler to grant the request to December

31, 2020. Representative Hart seconded the motion, which passed without objection.

DEPARTMENT OF AGRICULTURE

The Department of Agriculture requests and exemption from the Committee Policy Statement #99-4 which prohibits contracts and agreements from extending beyond biennium for the purpose of BSE; Avian Influenza testing. A motion was made by Senator Wheeler to grant the request to March 31, 2021. Representative Hart seconded the motion, which passed without objection.

ENERGY AND ENVIRONMENT CABINET

The Energy and Environment Cabinet, Division of Compliance Assistance (DCA) requests an exemption from Committee Policy #99-4 which prohibits contracts and agreements from extending beyond biennium for the Brownfield Revolving Loan Fund Federal Grant which will enable the Department to continue to pass federal funds to Kentucky Heritage Steam, Inc., a 501(c) 3 nonprofit located in Irvine, Kentucky. A motion was made by Senator Wheeler to grant the request to September 30, 2020. Representative Hart seconded the motion, which passed without objection.

There being no further business, the meeting adjourned at 5:52 PM.

ADMINISTRATIVE REGULATION REVIEW SUBCOMMITTEE

Minutes of the March Meeting

March 9, 2020

Call to Order and Roll Call

The March meeting of the Administrative Regulation Review Subcommittee was held on Monday, March 9, 2020, at 1:00 PM, in Room 149 of the Capitol Annex. Representative David Hale, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Stephen West, Co-Chair; Representative David Hale, Co-Chair; Senators Julie Raque Adams; Representatives Deanna Frazier, Mary Lou Marzian.

Guests: Sarah Levy, Travis Powell, Council on Postsecondary Education; Rob Akers, Cassie Trueblood, Education Professional Standards Board; Jeremy Branham, Gary Morris, James Orr, Department of Revenue; Joe Bilby, Michelle Shane, Board of Veterinary Examiners; Scott Majors, Board of Physical Therapy; Steven Fields, John Harris, Kate Slankard, Rich Storm, Department of Fish and Wildlife Resources; Robert Stout, Clint Quarles, Department of Agriculture; Carole Catalfo, Melissa Duff, Anthony Hatton, Michael Mullins, Department for Natural Resources; Amy Barker, Corrections Commission; Todd Allen, Department of Education; Michael Kurtsinger, Bryce Roberts, John Wood, Fire Commission; Stephanie Brammer-Barnes, Jill Lee, Adam Mather, Office Inspector General; Jonathan Scott, Department for Medicaid Services.

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

The Administrative Regulation Review Subcommittee met on Monday, March 9, 2020, and submits this report:

Administrative Regulations Reviewed by the Subcommittee:

COUNCIL ON POSTSECONDARY EDUCATION: Interstate Reciprocity Agreements

13 KAR 4:010. State Authorization Reciprocity Agreement. Sarah Levy, executive director, and Travis Powell, vice president and general counsel, represented the council.

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

EDUCATION AND WORKFORCE DEVELOPMENT CABINET: Education Professional Standards Board: Alternative Routes to Certification

16 KAR 9:060. The direct training program for preparation of candidates for initial teacher certification. Rob Akers, associate commissioner; Todd Allen, interim general counsel; and Cassie Trueblood, counsel and policy advisor, 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 through 7 and 10 to comply with the drafting and formatting requirements of KRS Chapter 13A and make technical changes. Without objection, and with agreement of the agency, the amendments were approved.

16 KAR 9:071. Repeal of 016 KAR 009:050 and 009:070.

FINANCE AND ADMINISTRATION CABINET: Department of Revenue: Inheritance Tax

103 KAR 2:005. Life Mortality Table. Jeremy Branham, tax policy research consultant, Division of Sales and Use Tax; Gary Morris, executive director; and James Orr, III, branch manager, represented the department.

In response to questions by Co-Chair Hale, Mr. Morris stated that changes to these administrative regulations were primarily to remove language that no longer applied and to clarify requirements. The changes were not substantive.

A motion was made and seconded to approve the following amendments: to amend the STATUTORY AUTHORITY paragraph 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.

Sales and Use Tax; General Exemptions

103 KAR 30:170. Containers, wrapping, and packing materials.

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

Selective Excise Tax; Alcoholic Beverages

103 KAR 40:050. Transporter's reports.

BOARDS AND COMMISSIONS: Board of Veterinary Examiners

201 KAR 16:012. Repeal of 201 KAR 016:010, 201 KAR 016:015, 201 KAR 016:020, 201 KAR 016:030, 201 KAR 016:040, 201 KAR 016:050, 201 KAR 016:060, 201 KAR 016:080, 201 KAR 016:090, 201 KAR 016:100, and 201 KAR 016:110. Joe Bilby, counsel; Michelle Shane, executive director; and Dr. Robert Stout, state veterinarian, represented the board.

In response to questions by Co-Chair West, Ms. Shane stated that fee-related administrative regulations in this package included fees that were approved by the board and were the same or less than the current fees. Three (3) new fees were established, with two (2) for new licensure categories and one (1) for printed credentials.

201 KAR 16:500. Code of ethical conduct for veterinarians.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO; STATUTORY AUTHORITY; and NECESSITY, FUNCTION, AND CONFORMITY paragraphs and Sections 12, 19, 21, 23, 27, 30, 31, 34, 40, and 43 to comply with the drafting and formatting requirements of KRS Chapter 13A; and (2) to include material incorporated by reference. Without objection, and with agreement of the agency, the amendments were approved.

201 KAR 16:510. Fees for veterinarians.

A motion was made and seconded to approve the following amendments: to amend the STATUTORY AUTHORITY and NECESSITY, FUNCTION, AND CONFORMITY paragraphs and Sections 1 through 8 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

201 KAR 16:512. Fees for veterinary technicians.

A motion was made and seconded to approve the following amendments: to amend the STATUTORY AUTHORITY and NECESSITY, FUNCTION, AND CONFORMITY paragraphs and Sections 1 through 8 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

201 KAR 16:514. Fees for animal control agencies and animal euthanasia specialists.

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 16:516. Fees – other fees.

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 6 to comply with the drafting and formatting requirements of KRS Chapter 13A; and (2) to include and revise material incorporated by reference. Without objection, and with agreement of the agency, the amendments were approved.

201 KAR 16:520. Approved veterinary colleges; approved programs for veterinary technicians.

A motion was made and seconded to approve the following amendments: to amend the STATUTORY AUTHORITY and NECESSITY, FUNCTION, AND CONFORMITY paragraphs and Sections 1 through 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.

201 KAR 16:530. Examination requirements for veterinarians and veterinary technicians.

A motion was made and seconded to approve the following amendments: to amend the STATUTORY AUTHORITY and NECESSITY, FUNCTION, AND CONFORMITY paragraphs and Sections 1 and 2 to comply with the drafting requirements of KRS Chapter 13A; and (2) to include and revise material incorporated by reference. Without objection, and with agreement of the agency, the amendments were approved.

201 KAR 16:540. Application requirements for veterinarians and veterinary technicians.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO; STATUTORY AUTHORITY; and NECESSITY, FUNCTION, AND CONFORMITY paragraphs and Sections 1 through 8 to comply with the drafting and formatting requirements of KRS Chapter 13A; and (2) to include and revise material incorporated by reference. Without objection, and with agreement of the agency, the amendments were approved.

201 KAR 16:550. Authorization for animal control agencies to apply for a restricted controlled substances certificate from DEA.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO; STATUTORY AUTHORITY; and NECESSITY, FUNCTION, AND CONFORMITY paragraphs and Sections 1, 3, 4, and 6 to comply with the drafting and formatting requirements of KRS Chapter 13A; and (2) to include and revise material incorporated by reference. Without objection, and with agreement of the agency, the amendments were approved.

201 KAR 16:560. Certification as an animal euthanasia specialist.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO; STATUTORY AUTHORITY; and NECESSITY, FUNCTION, AND CONFORMITY paragraphs and Sections 1 through 10 to comply with the drafting requirements of KRS Chapter 13A; (2) to amend Section 1 to establish that the disqualification of applicants based on criminal history shall be subject to the limitations of KRS Chapter 335B; and (3) to include and revise material incorporated by reference. Without objection, and with agreement of the agency, the amendments were approved.

201 KAR 16:570. License renewal for veterinarians and veterinary technicians.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO and NECESSITY, FUNCTION, AND CONFORMITY paragraphs and Sections 1 through 4 to comply with the drafting and formatting requirements of KRS Chapter 13A; and (2) to include

and revise material incorporated by reference. Without objection, and with agreement of the agency, the amendments were approved.

201 KAR 16:572. License renewal for registered animal control agencies and animal euthanasia specialists; renewal notice.

A motion was made and seconded to approve the following amendments: (1) to amend the TITLE; the NECESSITY, FUNCTION, AND CONFORMITY paragraph; and Sections 1 through 3 to comply with the drafting and formatting requirements of KRS Chapter 13A; and (2) to include and revise material incorporated by reference. Without objection, and with agreement of the agency, the amendments were approved.

201 KAR 16:580. Board issued licenses and certificates, inactive and retired statuses.

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 and formatting requirements of KRS Chapter 13A; and (2) to include and revise material incorporated by reference. Without objection, and with agreement of the agency, the amendments were approved.

201 KAR 16:590. Continuing education requirements, veterinarians and veterinary technicians.

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 and formatting requirements of KRS Chapter 13A; and (2) to include material incorporated by reference. Without objection, and with agreement of the agency, the amendments were approved.

201 KAR 16:600. Prescription and dispensation of drugs for animal use.

A motion was made and seconded to approve the following amendments: to amend the RELATES TO and NECESSITY, FUNCTION, AND CONFORMITY paragraphs and Sections 1, 2, 4, and 7 through 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 16:610. Procedures for grievances, investigations, and administrative charges.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO; STATUTORY AUTHORITY; and NECESSITY, FUNCTION, AND CONFORMITY paragraphs and Sections 1 through 6 to comply with the drafting and formatting requirements of KRS Chapter 13A; and (2) to include material incorporated by reference. Without objection, and with agreement of the agency, the amendments were approved.

Board of Physical Therapy

201 KAR 22:170. Physical Therapy Compact Commission. Scott Majors, executive director, represented the board.

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

301 KAR 2:195. Falconry, raptor take, and raptor

propagation. Steven Fields, staff attorney; John Harris, bear program coordinator; Kate Slankard, wildlife biologist; and Rich Storm, commissioner, represented the department.

A motion was made and seconded to approve the following amendments: to amend Section 4 to make technical corrections. Without objection, and with agreement of the agency, the amendments were approved.

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

A motion was made and seconded to approve the following amendments: to amend Sections 3, 6, 8, and 9 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

GENERAL GOVERNMENT CABINET: Department of Agriculture: Office of the Commissioner: Livestock Sanitation

302 KAR 20:012. Repeal of 302 KAR 020:030, 302 KAR 020:050, 302 KAR 020:052, 302 KAR 020:66, 302 KAR 020:090, 302 KAR 020:100, and 302 KAR 020:150. Dr. Robert Stout, state veterinarian, and Clint Quarles, attorney, represented the department.

Office of the State Veterinarian: Livestock, Poultry, and Fish

302 KAR 22:010. Authority to inspect, test, identify, remove and dispose of livestock, poultry, and fish.

In response to a question by Co-Chair West, Mr. Quarles stated that the Office of the State Veterinarian has had the authority via statute and administrative regulation to access farms. This change was not granting any new authority regarding farm access.

A motion was made and seconded to approve the following amendments: to amend the TITLE; the RELATES TO, 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.

302 KAR 22:020. Restriction of transportation of livestock, poultry, and fish.

A motion was made and seconded to approve the following amendments: to amend the TITLE; the NECESSITY, FUNCTION, AND CONFORMITY paragraph; 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.

302 KAR 22:040. Carcass transport and composting.

A motion was made and seconded to approve the following amendments: to amend the RELATES TO; STATUTORY AUTHORITY; and NECESSITY, FUNCTION, AND CONFORMITY paragraphs 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.

Livestock, Poultry, and Fish

302 KAR 22:070. Restrictions on biological materials in Kentucky.

In response to questions by Co-Chair Hale, Dr. Stout stated that, in many cases, the department

would be unaware of the transport of animals with communicable diseases; however, this administrative regulation established authority if the department were made aware of such a situation. Another state, for example, might contact the department to alert of such a transport. Mr. Quarles stated that the General Assembly expanded the department's authority over livestock, poultry, and fish as part of a greater review of functions of the Office of State Veterinarian. This administrative regulation gave Dr. Stout the authority to quarantine and surveil in situations regarding communicable diseases in livestock, poultry, and fish. The department's intent was to create an administrative regulation for each type of animal, eventually including one (1) for fish. Action regarding testing and surveillance of fish would be in conjunction with the Department of Fish and Wildlife Resources because that department had the most regulatory authority in matters regarding fish. The Department of Agriculture did not currently have a framework for the phenotyping of small fish.

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

Livestock, Poultry, and Fish

302 KAR 22:080. Feed restrictions.

A motion was made and seconded to approve the following amendments: to amend the RELATES TO and STATUTORY AUTHORITY paragraphs 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.

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

401 KAR 5:091. Repeal of 401 KAR 005:090. Carole Catalfo, policy specialist; Anthony Hatton, commissioner; and Michael Mullins, regulation coordinator, represented the division.

Division for Air Quality: General Standards of Performance

401 KAR 63:010. Fugitive emissions. Melissa Duff, director, and Anthony Hatton, commissioner, represented the division.

In response to questions by Co-Chair West, Ms. Duff stated that this administrative regulation established an observation period and the use of U.S. EPA reference method 22 for measurement purposes. The current version of this administrative regulation was more subjective, and these changes provided clearer standards and consistency across Kentucky. Construction activities and some agricultural activities were exempt.

A motion was made and seconded to approve Sections 1 through 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.

JUSTICE AND PUBLIC SAFETY CABINET: Kentucky State Corrections Commission: Kentucky Community Corrections Grant Program

500 KAR 10:001. Definitions for 501 KAR Chapter 10. Amy Barker, assistant general counsel, represented the commission.

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

500 KAR 10:020. Administration and application procedure for community corrections grant program.

A motion was made and seconded to approve the following amendments: to amend the STATUTORY AUTHORITY and NECESSITY, FUNCTION, AND CONFORMITY paragraphs and Sections 1 through 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.

500 KAR 10:030. Community Corrections Board and Grant Recipient Requirements.

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.

500 KAR 10:040. Review for compliance.

A motion was made and seconded to approve the following amendments: to amend the TITLE; the STATUTORY AUTHORITY and NECESSITY, FUNCTION, AND CONFORMITY paragraphs; and Section 3 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

500 KAR 10:050. Prison Industry Enhancement Certification Program.

EDUCATION AND WORKFORCE DEVELOPMENT CABINET: Kentucky Board of Education: Department of Education: School Terms, Attendance, and Operation

702 KAR 7:125. Pupil attendance. Todd Allen, interim general counsel, represented the department.

A motion was made and seconded to approve the following amendments: to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Sections 1, 3, and 17 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

Office of Instruction

704 KAR 3:370. Kentucky framework for personnel evaluation. Rob Akers, associate commissioner; Todd Allen, interim general counsel; and Cassie Trueblood, counsel and policy advisor, represented the office.

In response to questions by Co-Chair West, Mr. Akers stated that the professional standards for educational leaders was based on the national program in order to standardize provisions. The category, education leaders, was expanded to include superintendents, supervisors of instruction,

principals, vice-principals, and others. This should create consistency across Kentucky.

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

COMMUNITY AND TECHNICAL COLLEGE SYSTEM: Kentucky Fire Commission

739 KAR 2:140. Fire department reporting requirements. Michael Kurtsinger, director, and John Wood, attorney, represented the commission.

In response to questions by Co-Chair West, Mr. Kurtsinger stated that this administrative regulation had been approved by the firefighting board and other stakeholder organizations. Smaller fire departments would be able to report to the Kentucky Fire Commission, rather than to the Department for Local Government.

Co-Chair Hale stated that volunteer fire departments were integral to community safety. Without volunteer fire departments, some counties would have difficulty ensuring safety. It was getting difficult to find and retain volunteer firefighters. In response to a question by Co-Chair Hale, Mr. Kurtsinger stated that the commission was beginning firefighter youth programs in efforts to foster interest in youth regarding volunteer firefighting.

A motion was made and seconded to approve the following amendments: (1) to amend Sections 2 through 6 to comply with the drafting and formatting requirements of KRS Chapter 13A; and (2) to add material incorporated by reference. Without objection, and with agreement of the agency, the amendments were approved.

EDUCATION AND WORKFORCE DEVELOPMENT CABINET: Board of Education: Department for Technical Education: Management of the Kentucky TECH System

780 KAR 2:060. Discipline of students. Todd Allen, interim general counsel, represented the department.

A motion was made and seconded to approve the following amendments: to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Sections 2 through 4 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: Division of Audits and Investigations: Controlled Substances

902 KAR 55:130. Electronic prescribing of controlled substances. Jonathan Scott, regulatory and legislative advisor, represented the division.

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

Department for Medicaid Services: Division of Provider Integrity

907 KAR 5:005. Health Insurance Premium Payment (HIPP) Program.

In response to a question by Senator Raque

Adams, Mr. Scott stated that the HIPP program had been approved by CMS for approximately twenty (20) years.

In response to a question by Representative Frazier, Mr. Scott stated that there was no tax benefit for employers at the state level.

A motion was made and seconded to approve the following amendments: to amend Section 6 to specify that a provider cannot refuse to accept a KI-HIPP patient unless the patient's care needs are outside of the regular scope of practice, level of care, or the provider's ability to safely meet the care needs of the individual.

The following administrative regulations were deferred or removed from the March 9, 2020, subcommittee agenda:

STATE BOARD OF ELECTIONS: Forms and Procedures

31 KAR 4:120. Additional and emergency precinct officers.

BOARDS AND COMMISSIONS: Board of Pharmacy

201 KAR 2:095. Pharmacist interns.

Board of Dentistry

201 KAR 8:550. Anesthesia and sedation.

Board of Nursing

201 KAR 20:600. Standards for training programs for licensed certified professional midwives.

201 KAR 20:610. Approval process for training programs for licensed certified professional midwives.

201 KAR 20:620. Licensing requirements for licensed certified professional midwives.

201 KAR 20:630. Disciplinary actions for licensed certified professional midwives.

201 KAR 20:640. Requirements for informed consent for licensed certified professional midwives.

201 KAR 20:650. Licensed certified professional midwives permitted medical tests and formulary.

201 KAR 20:660. Licensed certified professional midwives duty to report.

201 KAR 20:670. Licensed certified professional midwives consultation, collaboration, and referral provisions.

201 KAR 20:680. Licensed certified professional midwives client records.

201 KAR 20:690. Licensed certified professional midwives transfer guidelines.

Real Estate Appraisers

201 KAR 30:130. Education provider, instructor, and course.

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

301 KAR 2:185. Hunter education.

Wildlife

301 KAR 4:090. Taxidermy, cervid meat processors, and the buying and selling of inedible wildlife parts.

GENERAL GOVERNMENT CABINET: Department of Agriculture: Office of the State Veterinarian: Livestock, Poultry, and Fish

302 KAR 22:150. Cervids.

ENERGY AND ENVIRONMENT CABINET: Department for Natural Resources: Division of Conservation: Administration

416 KAR 1:010. Administration of Kentucky Soil Erosion and Water Quality Cost-Share Fund.

JUSTICE AND PUBLIC SAFETY CABINET:
Parole Board

501 KAR 1:040 & E. Parole revocation hearing procedures.

Motorcycle Safety Education Commission

500 KAR 15:010 & E. Motorcycle safety education program.

TRANSPORTATION CABINET: Department of Vehicle Regulation: Division of Driver Licensing: Administration

601 KAR 2:030E. Ignition interlock.

EDUCATION AND WORKFORCE DEVELOPMENT CABINET: Kentucky Board of Education: Department of Education: Pupil Transportation

702 KAR 5:080. Bus drivers' qualifications, responsibilities, and training.

Office of Learning Support Services

704 KAR 7:090. Homeless children and youth education program and ensuring educational stability of children in foster care.

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

902 KAR 20:036. Operation and services; personal care homes.

Office of Human Resource Management: Division of Employee Management: Administration

920 KAR 1:070. Deaf and hard of hearing services.

Department for Community Based Services: Division of Child Care: Day Care

922 KAR 2:090. Child-care center licensure.

Department for Community Based Services: Division of Child Care: Day Care

922 KAR 2:100. Certification of family child-care homes.

The subcommittee adjourned at 1:40 p.m. The next meeting of the subcommittee is tentatively scheduled for April 13, 2020, at 1 p.m.

ADMINISTRATIVE REGULATION REVIEW SUBCOMMITTEE Minutes of the February Meeting

February 10, 2020

Call to Order and Roll Call

The February meeting of the Administrative Regulation Review Subcommittee was held on Monday, February 10, 2020, at 1:00 PM, in Room 149 of the Capitol Annex. Senator Stephen West, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Stephen West, Co-Chair; Representative David Hale, Co-Chair; Senator Alice Forgy Kerr; Representatives Deanna Frazier and Tommy Turner.

Guests: Rosemary Holbrook, Donna Shelton, Personnel Cabinet; Beau Barnes, Teachers' Retirement, Jeremy Branham, Richard Dobson, Gary Morris, Department of Revenue; Carrie Bass, Victoria Hale, Katherine Rupinen, Kentucky Retirement Systems; Anthony Gray, Larry Hadley, Board of

Pharmacy, Brian Clark, Eric Gibson, Rich Storm, Department of Fish and Wildlife Resources; Melissa Duff, Department for Environmental Protection; Amy Barker, Parole Board; Doug Gott, Dale Hamblin, Robert Swisher, Department of Workers' Claims; DJ Wasson, Department of Insurance; Max Fuller, David Moore, Benjamin Siegel, Department of Housing, Buildings, and Construction; Julie Brooks, Ron Horseman, Department for Public Health; Jonathan Scott, Department for Medicaid Services; Douglas Beard, Laura Begin, Department for Community Based Services.

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

The Administrative Regulation Review Subcommittee met on Monday, February 10, 2020, and submits this report:

Administrative Regulations Reviewed by the Subcommittee:

PERSONNEL CABINET: Classified

101 KAR 2:120 & E. Incentive programs. Rosemary Holbrook, assistant general counsel, and Donna Shelton, executive director, represented the cabinet.

A motion was made and seconded to approve the following amendments: (1) 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; and (2) to incorporate by reference the Employee Suggestion Form. Without objection, and with agreement of the agency, the amendments were approved.

FINANCE AND ADMINISTRATION CABINET: Kentucky Teachers' Retirement System: General Rules

102 KAR 1:125. Omitted contributions. Beau Barnes, deputy executive secretary and general counsel, represented the system.

In response to questions by Co-Chair West, Mr. Barnes stated that this administrative regulation allowed a member who had missed a payment to pay subsequently and allowed a member to reinstate a refunded account. The agency amendments consisted of technical corrections.

At the January 13, 2020 meeting of the Administrative Regulation Review Subcommittee, a motion was made and seconded to approve the following amendments: to amend the TITLE and the STATUTORY AUTHORITY and NECESSITY, FUNCTION, AND CONFORMITY paragraphs to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

A motion was made and seconded to approve the following amendments: (1) to amend the TITLE and the RELATES TO paragraph to make technical corrections; and (2) to delete Section 3 in its entirety. Without objection, and with agreement of the agency, the amendments were approved.

Department of Revenue: Sales and Use Tax; Service and Professional Occupations

103 KAR 26:080. Dentists and dental laboratories. Jeremy Branham, tax policy and research consultant, Division of Sales and Use Tax; Richard

Dobson, executive director, Office of Sales and Excise Taxes; and Gary Morris, executive director, Office of Tax Policy, represented the department.

103 KAR 26:120. Advertising agencies.

A motion was made and seconded to approve the following amendments: to amend the RELATES TO paragraph and Sections 3 and 4 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

Sales and Use Tax; Miscellaneous Retailer Occupations

103 KAR 27:020. Blueprints and copies.

A motion was made and seconded to approve the following amendments: to amend the STATUTORY AUTHORITY paragraph 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.

103 KAR 27:120. Photographers, photo finishers, and x-ray labs.

A motion was made and seconded to approve the following amendments: to amend the STATUTORY AUTHORITY paragraph and 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.

Selective Excise Tax; Motor Fuels

103 KAR 43:101. Repeal of 103 KAR 043:100.

In response to questions by Co-Chair West, Mr. Dobson stated that 103 KAR 43:100 was being repealed because the statutory provisions were sufficient without an administrative regulation. This action was not removing tax deductions for farmers.

Kentucky Retirement Systems: General Rules

105 KAR 1:149 & E. Quasi-governmental employer cessation window. Carrie Bass, staff attorney supervisor; Victoria Hale, staff attorney; and Katherine Rupinen, interim executive director, Office of Legal Services, represented the systems.

A motion was made and seconded to approve the following amendments: to amend the RELATES TO and NECESSITY, FUNCTION, AND CONFORMITY paragraphs and Sections 1 through 4, 6, 10, 12, and 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.

105 KAR 1:250. Participation of county attorney employees.

In response to questions by Co-Chair Hale, Ms. Hale stated that the authorizing statute gave the county attorney, based upon the revenue source for a given employee, the initial authority to determine which system was appropriate for the employee. The systems had ultimate auditing authority, which served as oversight to this process. The change of systems for an employee would be based on changes to duties or funding status.

In response to a question by Co-Chair West, Ms. Hale stated that it was uncommon for employees to transfer among systems.

A motion was made and seconded to approve the following amendments: to amend the RELATES TO and NECESSITY, FUNCTION, AND CONFORMITY paragraphs and 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.

105 KAR 1:445. Electronic ballots in Trustee elections.

A motion was made and seconded to approve the following amendments: to amend the STATUTORY AUTHORITY and NECESSITY, FUNCTION, AND CONFORMITY paragraphs and Sections 1 through 8 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

BOARDS AND COMMISSIONS: Board of Pharmacy

201 KAR 2:020. Examination. Anthony Gray, general counsel, and Larry Hadley, executive director, represented the board.

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

301 KAR 2:251. Hunting and trapping seasons and limits for furbearers. Brian Clark, deputy commissioner; Eric Gibson, director of law enforcement; and Rich Storm, commissioner, represented the department.

In response to a question by Co-Chair West, Mr. Storm stated that the underlying administrative regulation provided more opportunities for hunters commensurate with similar opportunities in other states. Hunters had requested these changes.

In response to a question by Co-Chair West, Representative Turner stated that the subcommittee substitute changed provisions from a .243 caliber to a 6.5 mm rifle, because that was the more common firearm for hunting coyotes. The subcommittee substitute also deleted the requirement for written permission from landowners for hunting on private land. This change was the result of concerns about practicality and liability.

In response to a question by Senator Kerr, Co-Chair West stated that there were liability concerns for landowners regarding written permission for hunting on private land. Representative Turner stated that it could also be difficult to obtain written permission from a landowner for hunting on private land. For example, a landowner might be absent. Representative Turner thanked the department for making these revisions.

A motion was made and seconded to approve the following amendments: (1) to amend Sections 13 and 14 to comply with the drafting requirements of KRS Chapter 13A; and (2) to amend Section 7 to modify the caliber of rifle allowed and remove the requirement that hunters hunting on private land carry written permission from the landowner. Without objection, and with agreement of the agency, the amendments were approved.

ENERGY AND ENVIRONMENT CABINET: Division for Air Quality: Permits, Registrations, and Prohibitory Rules

401 KAR 52:100. Public, affected state, and U.S. EPA review. Melissa Duff, director, represented the division.

In response to questions by Co-Chair West, Ms. Duff stated that this administrative regulation established provisions for public notice regarding

Title V Permits. The proposed amendment allowed public notice via the cabinet's Web site in lieu of publication in a newspaper; however, public notice through newspaper was not prohibited. This proposal was based on a federal change and was expected to save the cabinet money.

A motion was made and seconded to approve the following amendments: to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Sections 2 through 10 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

JUSTICE AND PUBLIC SAFETY CABINET: Kentucky Parole Board

501 KAR 1:071E. Repeal of 501 KAR 001:070. Amy Barker, assistant general counsel, represented the board.

LABOR CABINET: Department of Workers' Claims

803 KAR 25:260. Treatment guidelines. Doug Gott, chief administrative law judge; Dale Hamblin, Jr., general counsel; and Robert Swisher, commissioner, represented the department.

In response to a question by Co-Chair West, Mr. Swisher stated that this administrative regulation pertained to medical treatment for workplace injuries and occupational disease. House Bill 2 from the 2018 Regular Session of the General Assembly required this administrative regulation.

A motion was made and seconded to approve the following amendments: (1) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Sections 1 and 3 through 5 to comply with the drafting and formatting requirements of KRS Chapter 13A; and (2) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph to clarify that nothing in this administrative regulation shall affect the right of an employer to participate in a managed health care system. Without objection, and with agreement of the agency, the amendments were approved.

PUBLIC PROTECTION CABINET: Department of Insurance: Health Insurance Contracts

806 KAR 17:480. Uniform evaluation and reevaluation of providers. D. J. Wasson, executive advisor, represented the department.

In response to a question by Co-Chair West, Ms. Wasson stated that this administrative regulation incorporated a form that unnecessarily required photographic identification to be submitted in person. That portion of the form was revised.

A motion was made and seconded to approve the following amendments: (1) to amend material incorporated by reference and Sections 2 and 3 to comply with the drafting requirements of KRS Chapter 13A; and (2) to amend material incorporated by reference to make technical changes. Without objection, and with agreement of the agency, the amendments were approved.

Department of Housing, Buildings, and Construction: Plumbing

815 KAR 20:010. Definitions for 815 KAR Chapter 020. Max Fuller, staff attorney; David Moore, commissioner; and Benjamin Siegel, general counsel, represented the department.

In response to a question by Co-Chair West, Mr. Fuller stated that most of the changes to administrative regulations in this package were technical, including repealing and reorganizing requirements. Mr. Moore stated that substantive changes to the plumbing code included adding tracer wires to water services in order to find those lines in the future and adding drain pans to water heaters on wood floors and attics that were above drop ceilings in order to protect structures.

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

815 KAR 20:020. Parts or materials list.

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

815 KAR 20:030. Plumbing licenses.

A motion was made and seconded to approve the following amendments: to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Sections 1 through 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.

815 KAR 20:050. Installation permits.

A motion was made and seconded to approve the following amendments: (1) to incorporate the Plan Application Form by reference; and (2) to amend Sections 2 through 4 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

815 KAR 20:055. Water heating devices.

A motion was made and seconded to approve the following amendments: to amend the RELATES TO paragraph and Sections 1, 4, and 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.

815 KAR 20:060. Quality, weight, installation, and storage of materials.

A motion was made and seconded to approve the following amendments: to amend Sections 1, 2, 5 through 7, 9, and 21 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

815 KAR 20:070. Plumbing fixtures.

A motion was made and seconded to approve the following amendments: to amend Sections 5, 6, 11, and 12 for clarity and to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

815 KAR 20:080. Waste pipe size.

815 KAR 20:090. Soil, waste, and vent systems, traps, and clean-outs.

A motion was made and seconded to approve the following amendments: to amend Sections 2, 6, 9, 11, 15, 18, 24, 28, 34, 35, and 38 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

815 KAR 20:111. Repeal of 815 KAR 020:071, 815 KAR 020:072, 815 KAR 020:073, 815 KAR 020:074, 815 KAR 020:078, 815 KAR 020:084, 815 KAR 020:100, and 815 KAR 020:110.

815 KAR 20:120. Water supply and distribution.

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

815 KAR 20:130. House sewers and storm water piping; methods of installation.

A motion was made and seconded to approve the following amendments: to amend the RELATES TO paragraph and Sections 22 and 23 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

815 KAR 20:150. Inspection and tests.

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

815 KAR 20:170. Manufactured home and mobile home community waste system distribution and connections.

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

815 KAR 20:180. Special connections.

815 KAR 20:195. Medical gas piping installations.

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

CABINET FOR HEALTH AND FAMILY SERVICES: Department for Public Health: Division of Administration and Financial Management: Local Health Departments

902 KAR 8:070. Recruitment, examination, and certification of eligible applications for local health departments. Julie Brooks, regulation coordinator, and Ron Horseman, branch manager, represented the division.

In response to questions by Co-Chair West, Mr. Horseman stated that 902 KAR 8:070 and 8:090 created some ability to establish market-based wage increases for nurses for local health department recruiting and retention. Ms. Brooks stated that 902 KAR 8:060, which was considered at a previous subcommittee meeting, gave local health department's authority to make salary adjustments for recruitment and retention. Mr. Horseman stated that that process involved requesting, in five (5) percent

increments, increases to the standard pay grade based on the inability to fill a position, retain employees, or receive applications for employment. Approval of the request was based on comparable salaries at other facilities. Increments were made by five (5) percent, but multiple increments could be requested at one (1) time.

A motion was made and seconded to approve the following amendments: (1) to amend Sections 1 through 3 to comply with the drafting requirements of KRS Chapter 13A; and (2) to incorporate a form by reference. Without objection, and with agreement of the agency, the amendments were approved.

902 KAR 8:090. Promotion, transfer, and demotion of local health department employees.

902 KAR 8:096. Local health department employee performance evaluation program.

902 KAR 8:120. Leave provisions applicable to employees of local health departments.

A motion was made and seconded to approve the following amendment: to amend Section 9 to authorize the appointing authority to approve sick leave without pay in certain circumstances, instead of requiring the appointing authority to do so. Without objection, and with agreement of the agency, the amendment was approved.

902 KAR 8:140. Appointment of a health officer or a public health department director of a local health department.

Department for Medicaid Services: Division of Fiscal Management: Hospital Service Coverage and Reimbursement

907 KAR 10:840 & E. Hospital Rate Improvement Program. Jonathan Scott, regulatory and legislative advisor, represented the division.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO and STATUTORY AUTHORITY paragraphs and Section 3 to comply with the drafting requirements of KRS Chapter 13A; and (2) to amend Section 2 to align adjustment procedures with KRS 205.6406. Without objection, and with agreement of the agency, the amendments were approved.

Department for Community Based Services: Division of Family Support: Supplemental Nutrition Assistance Program

921 KAR 3:050. Claims and additional administrative provisions. Douglas Beard, division director, and Laura Begin, regulation coordinator, represented the division.

In response to questions by Co-Chair West, Ms. Begin and Mr. Beard stated that the program had been using one (1) form for all notices regarding overpayment of a benefit. That form included information on hearing rights; however, notices after the initial notice should not have referenced hearings because the deadlines would have passed. The program created a subsequent notice form that did not include information on hearing rights.

The following administrative regulations were deferred or removed from the February 10, 2020, subcommittee agenda:

COUNCIL ON POST SECONDARY EDUCATION: Interstate Reciprocity Agreements

13 KAR 4:010. State Authorization Reciprocity Agreement.

STATE BOARD OF ELECTIONS: Forms and Procedures

31 KAR 4:120. Additional and emergency precinct officers.

BOARDS AND COMMISSIONS: Board of Pharmacy

201 KAR 2:095. Pharmacist interns.

Board of Dentistry

201 KAR 8:550. Anesthesia and sedation.

Board of Veterinary Examiners

201 KAR 16:500. Code of ethical conduct for veterinarians.

201 KAR 16:510. Fees for veterinarians.

201 KAR 16:512. Fees for veterinary technicians.

201 KAR 16:514. Fees for animal control agencies and animal euthanasia specialists.

201 KAR 16:516. Fees – other fees.

201 KAR 16:520. Approved veterinary colleges; approved programs for veterinary technicians.

201 KAR 16:530. Examination requirements for veterinarians and veterinary technicians.

201 KAR 16:540. Application requirements for veterinarians and veterinary technicians.

201 KAR 16:550. Authorization for animal control agencies to apply for a restricted controlled substances certificate from DEA.

201 KAR 16:560. Certification as an animal euthanasia specialist.

201 KAR 16:570. License renewal for veterinarians and veterinary technicians.

201 KAR 16:572. License renewal for registered animal control agencies and animal euthanasia specialists; renewal notice.

201 KAR 16:580. Board issued licenses and certificates, inactive and retired statuses.

201 KAR 16:590. Continuing education requirements, veterinarians and veterinary technicians.

201 KAR 16:600. Prescription and dispensation of drugs for animal use.

201 KAR 16:610. Procedures for grievances, investigations, and administrative charges.

201 KAR 16:700. Material incorporated by reference.

Real Estate Appraisers

201 KAR 30:130. Education provider, instructor, and course.

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

301 KAR 2:185. Hunter education.

DEPARTMENT OF AGRICULTURE: Office of the State Veterinarian: Livestock, Poultry, and Fish

302 KAR 22:010. Authority to inspect, test, identify, remove and dispose of livestock, poultry, and fish.

302 KAR 22:020. Restriction of transportation of livestock, poultry, and fish.

302 KAR 22:040. Carcass transport and composting.

302 KAR 22:070. Restrictions on biological materials in Kentucky.

302 KAR 22:080. Feed restrictions.

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

401 KAR 5:091. Repeal of 401 KAR 005:090.

Division of Air Quality: General Standards of Performance

401 KAR 63:010. Fugitive emissions.

JUSTICE AND PUBLIC SAFETY: Asset Forfeiture

500 KAR 9:011. Repeal of 500 KAR 009:010, 500 KAR 009:020, 500 KAR 009:030, and 500 KAR 009:040.

Motorcycle Safety Education Commission

500 KAR 15:010 & E. Motorcycle safety education program.

Parole Board

501 KAR 1:040 & E. Parole revocation hearing procedures.

TRANSPORTATION CABINET: Department of Vehicle Regulation: Division of Driver Licensing: Administration

601 KAR 2:030E. Ignition interlock.

COMMUNITY AND TECHNICAL COLLEGE SYSTEM: Kentucky Fire Commission

739 KAR 2:140. Fire department reporting requirements.

EDUCATION AND WORKFORCE DEVELOPMENT CABINET: Board of Education: Department for Technical Education: Management of the Kentucky TECH System

780 KAR 2:060. Discipline of students.

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

902 KAR 20:036. Operation and services; personal care homes.

Division of Audits and Investigations: Controlled Substances

902 KAR 55:130. Electronic prescribing of controlled substances.

Department for Medicaid Services: Division of Provider Integrity

907 KAR 5:005. Health Insurance Premium Payment (HIPP) Program.

Office of Human Resource Management: Division of Employee Management: Administration

920 KAR 1:070. Deaf and hard of hearing services.

Division of Child Care: Day Care

922 KAR 2:090. Child-care center licensure.

922 KAR 2:100. Certification of family child-care homes.

The subcommittee adjourned at 1:45 p.m. The next meeting of the subcommittee is tentatively scheduled for March 9, 2020, at 1 p.m.

CAPITAL PROJECTS AND BOND OVERSIGHT COMMITTEE

Minutes

March 17, 2020

Call to Order and Roll Call

The Capital Projects and Bond Oversight Committee meeting was held on Tuesday, March 17, 2020, at 8:00 AM, in Room 169 of the Capitol Annex. Senator Rick Girdler, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Rick Girdler, Co-Chair; Representative Walker Thomas, Co-Chair; Senators Christian McDaniel and Robby Mills; Representatives Phillip Pratt and Maria Sorolis.

Guests: Linda Bridwell, Deputy Executive Director, Kentucky Infrastructure Authority, and Ryan Barrow, Executive Director, Office of Financial Management.

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

Approval of Minutes

Representative Thomas moved to approve the February 18, 2020 meeting minutes. Senator Mills seconded the motion, and the committee approved the minutes by voice vote.

Correspondence

The Council on Postsecondary Education (CPE) notified the committee that it approved \$1 million in additional fire commission funds for the National Responder Preparedness Center's parking lot (driving course) construction in Muhlenberg County. The committee's January 18, 2020 approval was contingent upon CPE approval.

Information Item

Pursuant to KRS 45.812(1), three school districts (Ballard County, Mason County, and Washington County) reported anticipated debt issuances totaling over \$11 million for new projects. None of the school districts needed to pass tax increases to finance the debt service.

Office of Financial Management Kentucky Infrastructure Authority

Ms. Bridwell submitted one Clean Water State Revolving Fund (Fund A) Program and two Governmental Agencies (Fund C) Program loan requests. The Fund C program is one of KIA's two state programs. Representative Thomas moved to roll the KIA loans into one roll call vote with the committee's Cannonsburg Water District loan approval contingent upon Public Service Commission (PSC) approvals, seconded by Senator Mills and approved by voice vote.

The City of Hodgenville, LaRue County, requested a \$227,000 Fund A planning and design loan for its Wastewater Treatment Plant Upgrade and Wet Weather Storage project to identify needed capacity, appropriate treatment processes, and plant upgrades. The \$29.72 and \$44.52 inside and outside city monthly sewer rates, for 4,000 gallons, have been effective since July 1, 2019. The term is five years at a 2.50 percent interest rate, consistent with all KIA planning and design loans.

The Cannonsburg Water District, Boyd County, requested a \$622,000 Fund C loan for its Phase I - Zone Metering project. The loan will finance 54 percent of the project costs with local funds financing the remaining expenses. The project is the district-wide installation of 53 zone meters to address water loss, which reached a January 2017 high of 55 percent. PSC is monitoring the district's water loss reduction efforts [under Case No. 2019-00041]. The \$48.41 monthly water rate, for 4,000 gallons, has been effective since May 13, 2019. The term is four years at a two percent interest rate.

In response to Senator McDaniel, Ms. Bridwell

said that the zone meter installation will detect water loss sources, which could be a result of pipe leakage or unauthorized consumption. In setting rates, a PSC jurisdictional water utility's water loss standard is fifteen percent [807 KAR 5:066] of total water pumped and treated [purchased and produced] and PSC jurisdictional water utilities generally cannot adjust rates for purchasing and production costs beyond the fifteen percent threshold. KIA believes loss above twenty percent is excessive and, in a separate case from this as well as at least one other water utility already under PSC examination, PSC is investigating eleven jurisdictional water utilities that reported greater than thirty-five percent water loss [Case No. 2019-00041 - based upon utilities' most recent annual reports]. Senator McDaniel referenced the water losses' impact on customer bills.

The City of Lewisport, Hancock County, requested a \$100,000 Fund C Loan for its Ultraviolet and Headworks Upgrade and Yellow Creek Waterline Replacement projects. The loan will finance 77 percent of the project costs with local funds financing the remaining expenses. The project is primarily the current ultraviolet treatment system upgrade and wastewater treatment plant headworks replacement. The \$27.03 monthly water rate, for 4,000 gallons, has been effective since June 15, 2017. The term is 20 years at a 2.75 percent interest rate.

Senator McDaniel moved to approve the KIA loans with the Cannonsburg Water District loan approval contingent upon PSC approvals, seconded by Representative Sorolis, and approved by unanimous roll call vote.

Office of Financial Management New and Previous Debt Issues New Debt Issues

Mr. Barrow submitted two new debt issues. Senator Mills moved to roll them into one roll call vote, seconded by Representative Thomas, and approved by voice vote. COVID-19 disrupted the municipal markets and the sale date for debt transactions is now uncertain. OFM is continuing to obtain approvals so that debt, including School Facilities Construction Commission debt, may be issued, in consultation with underwriters and financial advisors, when there is less volatility.

The first debt issue was the Kentucky Housing Corporation (KHC) Tax-Exempt Conduit Multifamily Housing Revenue Notes (The Colony Apartments), Series 2020. Mr. Barrow reiterated that conduit KHC debt transactions affect neither the commonwealth's nor KHC's financials and are applied to KHC's private activity bond volume cap. The initial proposed sale date was in May with a 3.84 net interest rate estimate for a May 2036 final maturity.

The other debt issue was the Kentucky Higher Education Student Loan Corporation (KHESLC) Student Loan Backed Notes in an amount not to exceed \$815 million. An estimated \$115 million issue will finance, or retire interim financing for, Federal Family Education Loan Program (FFELP) loan acquisitions, similar to the \$104.965 million direct placement notes issue that closed in August 2019. KHESLC requested committee approval for issuances totaling up to \$815 million rather than \$115 million through June 30, 2021; primarily for flexibility to also

restructure some of its London Interbank Offered Rate based floating rate debt, consolidating up to four FFELP trust indentures to free up equity. KHESLC sought committee approval prior to expending equity for issuance costs such as legal and ratings services. Consolidating FFELP trust indentures would involve significant legal work including obtaining bondholder approval.

In response to Senator McDaniel, Mr. Barrow said that OFM is concerned with underwriters, financial advisors, and bond counsel doing substantive work on a complex transaction prior to committee approval as either agencies may have made substantial upfront equity expenditures to pay the financing team or the financing team may not be paid [issuance costs are often paid from debt proceeds] for work on an unexecuted transaction. Senator McDaniel suggested controls to ensure that issuance costs were not excessive, such as returning to the committee after those costs reached a specific amount. Mr. Barrow said that primarily structured finance transactions such as KHESLC debt issues would involve significant upfront issuance costs.

Representative Thomas moved to approve the new debt issues, seconded by Senator Mills, and approved by unanimous roll call vote.

Previous Debt Issues

Mr. Barrow reported two previous debt issues. The first was the University of Kentucky General Receipts Bonds, 2020 Series A (\$46.120 million) and Taxable Series B (\$12.405 million), to finance a portion of the projects under the HB 200 (2018 Regular Session) Renew/Modernize Facilities authorization. Interest rates were trending downward when this transaction priced in January. The Series A and Series B respective true interest costs and maturities were 2.32 percent (April 2040) and 1.84 percent (April 2026).

The second transaction was the KHC Tax-Exempt Conduit Multifamily Housing Revenue Bonds (City View Park), Series 2020. Mr. Barrow reiterated that conduit KHC debt transactions affect neither the commonwealth's nor KHC's financials. Net proceeds were \$34 million.

School District Debt Issues with School Facilities Construction Commission Debt Service Participation

Senator McDaniel moved to roll the three school district debt issues into one roll call vote, seconded by Senator Mills, and approved by voice vote.

Mr. Barrow submitted three school district current refunding debt issues with School Facilities Construction Commission (SFCC) debt service participation (Barren County, Cloverport Independent (Breckinridge County), and Crittenden County school districts). The total anticipated issuance amount is \$3.2 million, with over 75 percent SFCC, the remaining \$1 million local, debt service participation.

In response to Senator McDaniel, Mr. Barrow confirmed that the school districts, rather than SFCC, realize the savings from refinancings [although greater available school district funds, reducing the school district's unmet facility need calculation, could affect future SFCC offers of assistance] and agreed to provide the committee information regarding school

districts and their corresponding nickel levies.

Senator McDaniel moved to approve the school district debt issues, seconded by Senator Mills, and approved by unanimous roll call vote.

Senator Girdler thanked the committee members for their questions and the agency representatives for their reliable responses. He announced the Tuesday meeting dates and times for the next two months: April 14, 2020, 8:00 a.m.; and May 19, 2020, 1:00 p.m.

With there being no further business the meeting adjourned at 8:23 a.m.

GOVERNMENT CONTRACT REVIEW COMMITTEE

Committee Minutes

April 14, 2020

Call to Order and Roll Call

The Government Contract Review Committee met on Tuesday, April 14, 2020, at 10:00 AM, in Room 171 of the Capitol Annex. Senator Stephen Meredith, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Stephen Meredith, Senators Paul Hornback, and Phillip Wheeler; Representatives Chris Fugate, and Mark Hart.

Guests: Joan Graham

LRC Staff: Kim Eisner, Jarrod Schmidt, and Kim Smith.

A motion was made by Senator Wheeler to approve Minutes of the March 2020, meeting of the committee. Representative Hart seconded the motion, which passed without objection.

A motion was made by Senator Wheeler to consider as reviewed the Personal Service Contract List, with exception of those items selected for further review by members of the committee. Representative Hart seconded the motion, which passed without objection.

A motion was made by Senator Wheeler to consider as reviewed the Personal Service Contract Amendment List, with exception of those items selected for further review by members of the committee. Representative Hart seconded the motion, which passed without objection.

A motion was made by Senator Wheeler to consider as reviewed the Memoranda of Agreement List, with exception of those items selected for further review by members of the committee. Representative Hart seconded the motion, which passed without objection.

A motion was made by Senator Wheeler to consider as reviewed the Memoranda of Agreement Amendment List, with exception of those items selected for further review by members of the committee. Representative Hart seconded the motion, which passed without objection.

A motion was made by Senator Wheeler to consider as reviewed the Film Tax Incentive List, with exception of those items selected for further review by members of the committee. Representative Hart seconded the motion, which passed without objection.

THE FOLLOWING PERSONAL SERVICE CONTRACTS WERE REVIEWED WITHOUT OBJECTION:

BEHAVIORAL HEALTH, DEVELOPMENTAL & INTELLECTUAL DISABILITIES

Crown Services, Inc., 2000001434; Symphony Diagnostics Services No. 1, LLC, 2000001486; Envivo Health, LLC, 2000001495; Steve Sparks, Ph.D., 2000001536; Staff Care, Inc., 2000001560; Locumtenens.Com, LLC, 2000001579.

DEPARTMENT FOR ENVIRONMENTAL PROTECTION

Rhithron Associates, Inc., 2000001600.

DEPARTMENT FOR MEDICAID SERVICES

Myers and Stauffer LC, 2000001465.

DEPARTMENT FOR WORKFORCE INVESTMENT

Tonya D. Westmoreland, 2000001746.

DEPARTMENT OF AGRICULTURE

Miss Kentucky Scholarship Organization, 2000001825.

DEPARTMENT OF EDUCATION

Greenwood/Asher & Associates, Inc., 2000002104.

DEPARTMENT OF HIGHWAYS

Hanson Professional Services, Inc., 2000001395; Burgess and Niple, Inc., 2000001800; Michael Baker International, Inc., 2000001856; Aecom Technical Services, Inc., 2000001929; Aecom Technical Services, Inc., 2000001988.

DEPARTMENT OF JUVENILE JUSTICE

The Seven Challenges, LLC, 2000000165.

DEPARTMENT OF VETERANS AFFAIRS

Envivo Health, LLC, 2000001876; Express Mobile Diagnostic Services, LLC, 2000001877.

EASTERN KENTUCKY UNIVERSITY

R. William Funk & Associates, 20-301; BKD CPA's & Advisors, 20-303.

EEC - OFFICE OF THE SECRETARY

Premiertox 2.0, Inc., 2000001330.

FACILITIES & SUPPORT SERVICES

Tetra Tech, Inc., 2000001341; Palmer Engineering Company, 2000001472; Hafer PSC, 2000001794.

KENTUCKY EMPLOYERS MUTUAL INSURANCE

US-Reports, Inc. d/b/a Afirm, 21-AFM-001; Arcadia Settlements Group, Inc., 21-ASG-001; Gallagher Benefit Services, Inc., 21-GBS-001; KEBCO, Inc., 21-KCO-001; MCF Advisors, 21-MCF-001; McCarthy Strategic Solutions, LLC, 21-MSS-001.

KENTUCKY RETIREMENT SYSTEMS

Locum, Inc., 2000001570.

KENTUCKY STATE POLICE

Seth Collin Payne, 2000001712; Thomas J. Williams, 2000001874; Israel L. Slinker, 2000001936.

KENTUCKY TURNPIKE AUTHORITY

American Municipal Tax-Exempt Compliance Corporation, 2000001693.

MURRAY STATE UNIVERSITY

Hafer Associates, 027-20.

NORTHERN KENTUCKY UNIVERSITY

Latiera Brunson Evans, 2020-116.

OFFICE OF THE CONTROLLER

Sedgwick Claims Management Services, Inc., 1900000740-1; Sedgwick Claims Management

Services, Inc., 1900000741-1; Sedgwick Claims Management Services, Inc., 2000001716; Sedgwick Claims Management Services, Inc., 2000001717.

UNIVERSITY OF KENTUCKY

Champlin Architecture, A201190.

THE FOLLOWING PERSONAL SERVICE AMENDMENTS WERE REVIEWED WITHOUT OBJECTION:

DEPARTMENT FOR COMMUNITY BASED SERVICES

Public Consulting Group, Inc., 1800001649.

DEPARTMENT FOR MEDICAID SERVICES

Myers and Stauffer, LC, 1800001623.

DEPARTMENT FOR PUBLIC HEALTH

Thomas Joseph Hickey, 1800002091.

DEPARTMENT OF CORRECTIONS

KPMG, LLP, 1900002851.

DEPARTMENT OF EDUCATION

Paul Hamann, 1900000090.

DEPARTMENT OF HIGHWAYS

HMB Professional Engineers Inc., 1100001265; Stantec Consulting Services, Inc., 1200002237; American Engineers, Inc., 1300002467; Summit Engineering, Inc., 1300003118; QK4, Inc., 1800000362; Palmer Engineering, 1800000364; QK4, Inc., 1800000899; Palmer Engineering Company, 1800000900; Glaus, Pyle, Schomer, Burns & Dehaven, Inc., 1800001539.

DEPARTMENT OF JUVENILE JUSTICE

Shannon Smith-Stephens, 1800002109;

Joseph M Pittard, MD, 1900000137; Angela Jessie, 1900000158.

DEPARTMENT OF MILITARY AFFAIRS

Mark E. Demuth, 1900002373.

EASTERN KENTUCKY UNIVERSITY

Employee Network, Inc., 20-282.

FACILITIES & SUPPORT SERVICES

Patrick D. Murphy Company, Inc., 1300002656; Paladin, Inc., 1700002128; Ross Tarrant Architects, Inc., 1700002129; Paladin, Inc., 1800000587; Stantec Consulting Services, Inc., 1900004505; Patrick D. Murphy Company, Inc., 2000000174; Patrick D. Murphy Company, Inc., 2000000175.

KENTUCKY EMPLOYERS MUTUAL INSURANCE

Multi, 20-CLD-001.

KENTUCKY RETIREMENT SYSTEMS

Manatt Phelps Phillips, LLP, 1900004288; Reinhart Boerner Vandeuren, PSC, 1900004767.

KY COMMUNITY TECHNICAL COLLEGE SYSTEM

Franklin Covey Client Sales, 732; Summit Medical Seminars, LLC, 768; Spinecare Chiropractic, 769; Commonwealth Economics, 781.

MOREHEAD STATE UNIVERSITY

Sturgill, Turner, Barker & Moloney, PLLC, 20-002.

TOURISM - OFFICE OF THE SECRETARY

Hunden Strategic Partners, Inc., 1900002462.

TRANSPORTATION - OFFICE OF THE SECRETARY

Baptist Health Medical Group, Inc., 1800001445; Tim Long M.D., 1800001454; PFM Financial Advisors, LLC, 1800001568; Construction Estimating Institute, 1800002038; Logan & Gaines, PLLC, 1900004029.

UNIVERSITY OF KENTUCKY

Ekhoﬀ, Ochenkoski, Polk Architects, A201080; Omni Architects, A201140; Stoll Keenon Ogden, PLLC, K19-121; Dixon Hughes Goodman, LLP, K19-189.

UNIVERSITY OF LOUISVILLE

Multi, 19-013 A-O; Birdsall, Voss & Associates, Inc., 19-023.

WESTERN KENTUCKY UNIVERSITY

Multi, 182031; Ruffalo Noel Levitz, LLC, 182032.

WORKERS' COMPENSATION FUNDING COMMISSION

Blue & Company, LLC, 1900000817.

NORTHERN KENTUCKY UNIVERSITY

Academic Partnerships, LLC, 2018-114.

THE FOLLOWING MEMORANDA OF AGREEMENTS WERE REVIEWED WITHOUT OBJECTION:

BEHAVIORAL HEALTH, DEVELOPMENTAL & INTELLECTUAL DISABILITIES

Dover Police Charities, Inc., 2000001284; Centerstone of Kentucky, Inc., 2000001458; Centerstone of Kentucky, Inc., 2000001478; Alcoholic Beverage Control Department, 2000001558; Independence Place, Inc., 2000001568; Centerstone of Kentucky, Inc., 2000001587; New Beginnings Bluegrass, Inc., 2000001590; The Healing Place, Inc., 2000001601; Oxford House, Inc., 2000001625; Centerstone of Kentucky, Inc., 2000001627; Kentucky Alliance Boys and Girls Clubs, 2000001635; People Advocating Recovery, 2000001639; Eastern Kentucky CEP, Inc., 2000001703; Voices of Hope - Lexington, Inc., 2000001738.

DEPARTMENT FOR COMMUNITY BASED SERVICES

Centerstone of Kentucky, Inc., 2000001470.

DEPARTMENT FOR ENVIRONMENTAL PROTECTION

Bluegrass Greensource, Inc., 2000001044; Community Action Kentucky, Inc., 2000001230; Banklick Watershed Council, 2000001387.

DEPARTMENT FOR LOCAL GOVERNMENT

Henderson County Economic Development Corporation, 2000001294; City of Lewisport, 2000001408; City of Livermore, 2000001438; Perry County Fiscal Court, 2000001468; Hopkins County, 2000001479; Trigg County Fiscal Court, 2000001492; City of Murray, 2000001494; Harlan County Fiscal Court, 2000001580; Franklin-Simpson Industrial Foundation, Inc., 2000001604; Magoffin County, 2000001613; City of Lebanon Junction, 2000001654; Hart County Fiscal Court, 2000001778; Lyon County Industrial Development Authority, 2000001780; City of Auburn, 2000001797; City of Campton, 2000001898; City of Booneville, 2000001919; City of Burkesville, 2000001995; City of Jenkins, 2000002106.

DEPARTMENT FOR MEDICAID SERVICES

Kentucky Center for Education and Workforce Statistics, 2000000730; Kentucky Transportation Cabinet, 2000001529.

DEPARTMENT OF EDUCATION

University of Kentucky Research Foundation, 2000001567; Kentucky Educational Development Corporation, 2000001626; Kentucky Valley Education, 2000001747.

DEPARTMENT OF TRAVEL

Northern Kentucky Convention and Visitor

Commission, 2000000920; Louisville & Jefferson County Visitors & Convention Commission, 2000000957; Paducah Convention and Visitors Bureau, 2000000961.

EDUCATION - OFFICE OF THE SECRETARY

Jobs for Kentucky's Graduates, 2000001591.

KY RIVER AUTHORITY

University of Kentucky Research Foundation, 2000001461.

TRANSPORTATION - OFFICE OF THE SECRETARY

Western Kentucky University, 2000001483.

THE FOLLOWING MEMORANDA OF AGREEMENT AMENDMENTS WERE REVIEWED WITHOUT OBJECTION:

BEHAVIORAL HEALTH, DEVELOPMENTAL & INTELLECTUAL DISABILITIES

Mountain Comp Care Center, 1800002052.

BOARD OF ALCOHOL AND DRUG ABUSE COUNSELORS

Public Protection Cabinet, 1900002006.

COUNCIL ON POSTSECONDARY EDUCATION

QA Commons, Inc., 1900004198.

DEPARTMENT FOR COMMUNITY BASED SERVICES

KVC Behavioral Health Care/Croney & Clark, 1800001797; Pathways, Inc., 1800001811; Comprehend, Inc., 1800001900; Multi, 1900004189.

DEPARTMENT FOR FAMILY RESOURCE CENTERS & VOLUNTEER SERVICES

Teach for America, 1900002183; Ohio Valley Educational Cooperative, 1900002225; Christian Appalachian, 1900002501; Multi, 1900004399; Multi, 1900004439; Multi, 1900004448; Multi, 1900004489; Multi, 1900004506; Multi, 1900004507.

DEPARTMENT FOR LOCAL GOVERNMENT

City of Mount Olivet, 1700001698; City of Ewing, 1800000649; Bell County, 1900002404; Muhlenberg County Fiscal Court, 1900002778; Menifee County Fiscal Court, 2000001037.

DEPARTMENT FOR PUBLIC HEALTH

Norton Healthcare, 1800001906; University of Kentucky Research Foundation, 1900002943; University of Kentucky Research Foundation, 1900003174; Multi, 1900004001.

DEPARTMENT FOR WORKFORCE INVESTMENT

University of Kentucky Research Foundation, 1900003028; The Council of State Governments, 1900003985.

DEPARTMENT OF AGRICULTURE

Northern Kentucky Area Development District, 1900000049; Dare To Care, Inc., 1900000055; Purchase Area Development District, Inc., 1900000056; Gods Pantry Food Bank, Inc., 1900000058; Feeding America, Kentucky's Heartland, 1900000059; Multi, 1900003210; Dare To Care, Inc., 2000001368; Gods Pantry Food Bank, Inc., 2000001369; Feeding America, Kentucky's Heartland, 2000001370; Tri State Food Bank, Inc., 2000001371; Northern Kentucky Area Development District, 2000001372; Purchase Area Development District, Inc., 2000001375.

DEPARTMENT OF CRIMINAL JUSTICE TRAINING

Wendell H. Ford Regional Training Center,

1900004423.

DEPARTMENT OF EDUCATION

Science Hill Independent School District, 1900004132; Adair County Board of Education, 1900004167; Breathitt County Board of Education, 1900004240; Fulton Independent Board of Education, 1900004253; Glasgow Independent School District, 1900004255; Harlan County Board of Education, 1900004256; Hart County Board of Education, 1900004257; Menifee County Board of Education, 1900004269; Metcalfe County Board of Education, 1900004270; Middlesboro Independent School District, 1900004272; Monroe County Board of Education, 1900004273; Paris Independent School District, 1900004276; Southgate Independent School District, 1900004279; Warren County Board of Education, 1900004280; Webster County Board of Education, 1900004283; Williamstown Board of Education, 1900004285; Williamstown Board of Education, 1900004285; Wolfe County Board of Education, 1900004286; Barren County Board of Education, 1900004758; Kentucky Community and Technical College System, 1900004796; Morehead State University, 1900004797; Ballard County Board of Education, 1900004802; Carter County Board of Education, 1900004807; Christian County Board of Education, 1900004809; Grayson County Board of Education, 1900004819; Henderson County Board of Education, 1900004820; Jessamine County Board of Education, 1900004821; Johnson County Board of Education, 1900004822; Lewis County Board of Education, 1900004825; Magoffin County Board of Education, 1900004827; Marshall County Board of Education, 1900004828; Union County Board of Education, 1900004836; Western Kentucky University, 1900004984; McCracken County Board of Education, 2000000147; University of Kentucky Research Foundation, 2000000498; Advance Education, Inc. / Cognia, Inc., 2000000750.

DEPARTMENT OF MILITARY AFFAIRS

University of Kentucky Research Foundation, 1900004330.

KENTUCKY FISH AND WILDLIFE RESOURCES

Kentucky Medical Services Foundation, Inc., 1900003798.

OFFICE OF INSPECTOR GENERAL

Nursing Home Ombudsman Agency of the Bluegrass, Inc., 1900003006.

TRANSPORTATION - OFFICE OF THE SECRETARY

University of Kentucky Research Foundation, 1800001704.

THE FOLLOWING FILM TAX INCENTIVES WERE REVIEWED WITHOUT OBJECTION:

TOURISM - OFFICE OF THE SECRETARY

Stargazer 2019H, LLC, 2000000531; PLM, LLC, 2000001989; RFJ, LLC, 2000001990.

DISCUSSION OF MASTER AGREEMENT

Joan Graham, Executive Director, Office of Procurement, Finance and Administration Cabinet was present to testify regarding the Master Agreement contract: Horizon Healthcare Management, LLC, 2000000490. Senator Meredith asked why this contract was set up as a Master Agreement instead of a Personal Service Contract and what authority

the Finance Secretary has to deem this a Master Agreement. Ms. Graham stated that this was because it covered multiple agencies that might need health and welfare services for Kentucky citizens amid the COVID-19 pandemic and that the Finance Secretary has authority through 45A.045.

EXEMPTION REQUESTS:

DEPARTMENT OF AGRICULTURE

The Department of Agriculture requests an exemption from Committee Policy Statement #99-4 which prohibits contracts and agreements for extending beyond the biennium for the purpose of dispersing funds for spay/neuter services. A motion was made by Representative Hart to grant the request to December 31, 2020. Senator Wheeler seconded the motion, which passed without objection.

TRANSPORTATION CABINET

The Transportation Cabinet requests an exemption from the committee's routine review process for the KYTC's Aviation Economic Development Grant Agreements and will provide quarterly reports. A motion was made by Representative Hart to grant the request to June 30, 2022. Senator Wheeler seconded the motion, which passed without objection.

There being no further business, the meeting adjourned at 10:22 AM.

CAPITAL PROJECTS AND BOND OVERSIGHT COMMITTEE

Minutes

April 14, 2020

Call to Order and Roll Call

The Capital Projects and Bond Oversight Committee meeting was held on Tuesday, April 14, 2020, at 11:00 AM, in Room 171 of the Capitol Annex. Representative Walker Thomas, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Rick Girdler, Co-Chair; Representative Walker Thomas, Co-Chair; Senators Christian McDaniel and Robby Mills; and Representative Phillip Pratt.

Guests Providing Written Testimony: Bryan B. Russell, Chief Facilities Officer, Western Kentucky University; Jennifer Breiwa Smith, Special Assistant to the President for Government and Community Relations, Western Kentucky University; Scott Aubrey, Director, Division of Real Properties, Department for Facilities and Support Services; and Linda Bridwell, Deputy Executive Director, Kentucky Infrastructure Authority.

Guests: Ryan Barrow, Executive Director, Office of Financial Management.

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

Approval of Minutes

Senator McDaniel moved to approve the March 17, 2020 meeting minutes. Senator Girdler seconded

the motion, and the committee approved the minutes by voice vote.

Information Items

Pursuant to KRS 26A.168(1), KRS 45.793, and KRS 45.818, the Administrative Office of the Courts; the Finance and Administration Cabinet, with the Commonwealth Office of Technology reporting independently; and postsecondary institutions managing their own capital construction under KRS 164A.580 transmitted quarterly capital projects status reports.

Pursuant to KRS 45.760(5), UK reported three restricted funds medical equipment purchases for Chandler Hospital totaling over \$2.3 million.

Pursuant to KRS 45.812(1), four school districts (Breckenridge County, Franklin County, Jefferson County, and Taylor County) reported upcoming bond issues for new projects. None of the school districts needed to levy an additional tax to pay debt service.

Pursuant to KRS 56.863(11), the Office of Financial Management transmitted the Kentucky Asset/Liability Commission's (ALCo) semi-annual report.

Project Report from the Finance and Administration Cabinet

The Finance and Administration Cabinet, through the Office of State Budget Director (OSBD), reported pool allocations for two Tourism, Arts and Heritage Cabinet projects. The first was for a Department of Fish and Wildlife Resources Wetland and Stream Mitigation project using restricted funds from the Fees-in-Lieu of (FILO) Stream Mitigation projects pool. The \$6.325 million allocation will restore and protect over 30,000 linear feet of Blue Spring Creek and its tributaries.

The second was for a Department of Parks bond funded maintenance pool project, General Burnside Campground Improvements. The \$1.05 million allocation from two bond funded maintenance pools, Parks 2018-2020 Maintenance Pool and Utilities and Communications Cabling Infrastructure Replacement Pool, will address campsite electric, water and sewer, paving, and ADA accessibility.

In response to Senator McDaniel, Ms. Halloran said that the Enhanced Statewide Election Administration and Online Ballot Delivery System project was monitored by the Commonwealth Office of Technology and agreed to provide further information. Ms. Halloran said that, for state debt issues, authorized but unissued (ABUI) debt amounts are in official statements [debt offering disclosure document for investors] and that ABUI debt service is factored into OSBD's calculations of the commonwealth's debt service to revenue ratio, of which the policy cap is six percent. General fund debt service is included in agencies' appropriation units during the first biennium of project authorization and then [except for School Facilities Construction Commission and Teachers' Retirement System debt] reverts to the Finance and Administration Cabinet's Debt Service appropriation unit, irrespective of whether the debt has been issued. OSBD determines which of the projects, for which there is ABUI debt, is expected to move forward within the upcoming biennium and ensures that the appropriate amount for debt service is included in the Executive Budget

Recommendation. [If OSBD determines that a project is not expected to proceed; then it will deauthorize, often referenced as expired debt, the project in the Executive Budget Recommendation, in which case no debt service will be appropriated. It is necessary to deauthorize bond funded, supported by the general or road fund, projects since they are authorized in perpetuity through resolutions passed by either the State Property and Buildings Commission (SPBC) or Turnpike Authority of Kentucky].

Senator McDaniel referenced the ABUI debt amounts and requested a list of projects with ABUI debt as well as ABUI debt service appropriation amounts as the legislature will revisit the budget next year.

Project Report from Western Kentucky University

Western Kentucky University (WKU) submitted a new project, Reconfigure Health Science Classrooms. Representative Thomas read excerpts from testimony, available on the committee's website, submitted by Ms. Smith.

WKU requested authorization to use up to \$1.5 million in Academic Affairs carry forward funds to convert three nursing program classrooms into two larger classrooms. WKU's Board of Regents and the Council on Postsecondary Education's Finance Committee [with anticipated full CPE approval at its April 24 meeting] approved the project, which is included in the executive branch budget recently passed by the General Assembly.

Senator Mills moved to approve the new project, seconded by Representative Pratt, and approved by unanimous roll call vote.

Lease Report from the Finance and Administration Cabinet

The Division of Real Properties submitted an over \$50,000 lease modification for space occupied by the Transportation Cabinet in Warren County. Representative Thomas read excerpts from testimony, available on the committee's website, submitted by Mr. Aubrey. The new suite, which includes additional office space for REAL ID, is 3,852 square feet at \$21.37 per square foot for an \$82,317 total annual cost. The rental rate reflects the estimated \$200,000 replacement space improvements and the expiration date is June 30, 2027. The lessor spent around \$120,000 to improve the current leased space, 1,726 square feet, when the Cabinet occupied it last year.

Senator McDaniel, in explaining his vote, referenced the expenditure increases for REAL ID drivers' license issuance without corresponding expenditure reductions.

Senator Girdler moved to approve the lease modification, seconded by Representative Pratt. The motion failed by a roll call vote of three ayes and two nays.

Office of Financial Management Kentucky Infrastructure Authority

Ms. Bridwell submitted four loan requests. Senator McDaniel moved to roll the four loans into one roll call vote, seconded by Senator Mills, and approved by voice vote.

Representative Thomas read excerpts from testimony, available on the committee's website, submitted by Ms. Bridwell. The City of Smithland,

Livingston County, requested a \$246,000 Clean Water State Revolving Fund (Fund A) planning and design loan to finance a sanitary sewer evaluation study. The \$45.02 monthly sewer rate, for 4,000 gallons, has been effective since September 15, 2018 and phased sewer and water increases are planned through 2025. The term is five years at a 2.50 percent interest rate.

The Paducah-McCracken County Joint Sewer Agency requested a \$5.17 million Fund A loan for its Outfall 003 Fine Screening - Phase One project, outfall adjacent to the wastewater treatment plant, which will allow operation of the Harrison Street storage tank. The \$23.76 monthly sewer rate, for 4,000 gallons, has been effective since July 1, 2019. The term is 20 years at a 0.50 percent interest rate.

The City of Flemingsburg, Fleming County, requested a \$77,405 Infrastructure Revolving Fund (Fund B) loan to finance 30 percent of its \$258,015 E Main St, Mills Ave, and E Water St Waterline Replacement project. An Appalachian Regional Commission grant will finance the rest of the project, the replacement of approximately 1,650 linear feet of asbestos cement and 600 linear feet of cast iron distribution water mains with 6-inch and 2-inch polyvinyl chloride pipe. The \$37.46 and \$49.19 inside and outside city monthly water rates, for 4,000 gallons, have been effective since April 1, 2019. The term is 20 years at a 0.50 percent interest rate.

The City of Lebanon, Marion County, requested a \$5,238,230 Drinking Water State Revolving Fund (Fund F) loan, of which KIA will apply \$1.3 million in principal forgiveness, for its Main Replacement project, the replacement of around 80,000 linear feet of varying sized cast iron and galvanized steel water mains, along with the accompanying service lines. The \$26.19 and \$28.82 inside and outside city monthly water rates, for 4,000 gallons, have been effective since July 8, 2019. The term is 30 years at a 0.50 percent interest rate.

Senator McDaniel referenced the City of Lebanon's \$700,000 additional projected annual water revenues, current annual water revenues are \$3.2 million, with Diageo Lebanon Distillery commencing operations next year. He credited the Senate President and former Senate Appropriations and Revenue Chair for their roles in the 2014 bourbon barrel tax credit legislation's passage. Representative Thomas thanked Senator McDaniel for his expertise.

Senator Mills complimented the City of Smithfield on addressing its water and sewer issues.

Senator Mills moved to approve the KIA loans, seconded by Senator McDaniel and approved by unanimous roll call vote.

Representative Thomas announced the Tuesday, May 19, 2020, 1:00 p.m. meeting.

Office of Financial Management New and Previous Debt Issues New Debt Issues

Mr. Barrow submitted four new debt issues. Representative Pratt moved to roll the new debt issues into one roll call vote, seconded by Senator Girdler, and approved by voice vote.

Mr. Barrow stated transactions' sale dates are subject to change with the COVID-19 municipal market disruption. At the moment, transaction pricing and rates have stabilized slightly with fed

purchases offsetting investor outflows.

The first was a conduit debt issue, the Kentucky Economic Development Finance Authority (KEDFA) Healthcare Facilities Revenue Bonds (Christian Care Communities Obligated Group), Series 2020A and Taxable Series 2020B. This conduit debt issue, refinancing debt for certain Christian Care Communities' health facilities, affects neither the commonwealth's nor KEDFA's financials.

In response to Senator McDaniel, Mr. Barrow said that SPBC rather than KEDFA will be used as an issuer [consistent with using SPBC for other KEDFA programs financed with general fund supported debt] for the \$35 million partially forgivable KEDFA loan, authorized in House Bill 99, to University of Louisville (UofL) Health since the debt service will be supported by the general fund rather than a third party.

If significant changes were made to transactions' structures after committee approval, then OFM would resubmit, although there is more flexibility for conduit transactions, since the commonwealth is not liable for the debt service. Previous debt issue reports show transactions' final terms.

The second debt issue was the SPBC Revenue Bonds, Project 123 Federal Taxable Series A to finance the \$35 million partially forgivable KEDFA loan to UofL Health, which acquired certain Louisville-based KentuckyOne Health assets. The negotiated transaction with Citigroup is taxable as it is long-term debt supporting a loan for operating expenditures. With current market volatility, interest rates have changed considerably from the just under four percent all-in true interest cost listed in OFM's submittal.

The third debt issue was the Murray State University General Receipts Refunding Bonds, Series 2021. Around \$4.6 million and \$6.2 million respectively will forward refund 2011 Series A and 2011 Series C debt for estimated net present value savings of around \$500,000 and \$300,000. Consistent with postsecondary debt issuance, the transaction will be sold competitively.

The fourth debt issue was the Kentucky Asset/Liability Commission General Fund Refunding Project Notes, 2020 Series A to terminate the three swap agreements associated with the commonwealth's sole derivatives transaction, originated in 2007. Citigroup was the original and Deutsche Bank is the current counterparty. The swap terminations will eliminate counterparty risk and with the swap termination payments, estimated net present value savings will be nominal, under \$200,000.

Representative Pratt moved to approve the new debt issues, seconded by Senator Mills, and approved by unanimous roll call vote.

Previous Conduit Debt Issue

Mr. Barrow reported the Kentucky Housing Corporation Tax-Exempt Conduit Multifamily Housing Revenue Bonds (Chapel House Apartments), Series 2020. The facility is located in Louisville, the debt sale date was March 10, and net proceeds were \$13.5 million.

Office of Financial Management School District Debt Issues with School Facilities Construction Commission Debt Service Participation

Mr. Barrow submitted the Daviess County and Madison County school district debt issues with SFCC debt service participation, for which neither of the school districts needed to levy an additional tax to pay debt service. Senator Girdler moved to roll the two school district debt issues into one roll call vote,

seconded by Senator Mills, and approved by voice vote.

Of the total \$88.3 million anticipated issuance amount, SFCC participation is over one percent, around \$1.1 million, with local participation around 99 percent.

Senator Girdler moved to approve the school district debt issues, seconded by Senator Mills, and approved by unanimous roll call vote.

With there being no further business the meeting adjourned at 11:34 a.m.

Session, from page 2

Senate Bill 72 will ban female genital mutilation, often referred to as FGM, in Kentucky. A federal ban that had been in place for more than two decades was found unconstitutional in 2018. The bill will also make performing FGMs on minors a felony, ban trafficking of girls across state lines for FGMs and strip the licenses of medical providers convicted of the practice. The World Health Organization classifies FGM, a procedure that intentionally alters or causes injury to the female genital organs for non-medical reasons, a human rights violation.

Infrastructure protection: House Bill 44 will strengthen security for critical infrastructure across Kentucky by specifying that above-ground natural gas and petroleum pipelines in addition to certain cable television facilities aren't suitable areas for drone flights. The legislation also defines tampering with the assets as felony criminal mischief.

Jurors: Senate Bill 132 will add people with state-issued personal identification cards to the pool of potential jurors in the county where they live. Currently, the pool draws from driver's license lists, tax rolls and voter registration lists.

Lt. Governor: House Bill 336 will let gubernatorial candidates select their running mate for lieutenant governor before the second Tuesday in August instead of during the spring primary campaign.

Marsy's Law: Senate Bill 15 would enshrine certain rights for crime victims in the state constitution. Those would include the right to be notified of all court proceedings, reasonable protection from the accused, timely notice of a release or escape, and the right to full restitution. SB 15 is tied to a national movement to pass statutes that have been collectively known as Marsy's law in honor of Marsy Nicholas, a 21-year-old California college student who was stalked and killed by an ex-boyfriend. A similar proposed constitutional amendment passed the General Assembly in 2018 and was subsequently approved by voters, but the Kentucky Supreme Court ruled that the law was invalid due to unconstitutional ballot language.

Now that it has been approved by lawmakers, Kentucky voters will decide on the proposed constitutional amendment this November.

Mental health: House Bill 153 will establish the Kentucky Mental Health First Aid Training Program. The plan is aimed at training professionals and members of the public to identify and assist people with mental health or substance abuse

problems. The program would also promote access to trainers certified in mental health first aid training.

Senate Bill 122 will make a change to Tim's Law of 2017, a much-heralded law that has rarely been used by the courts. The law allowed judges to order assisted outpatient treatment for people who had been involuntarily hospitalized at least twice in the past 12 months. SB 122 extends the period to 24 months.

Mobile phones: House Bill 208 will require wireless providers of Lifeline federal-assistance telephone service to make monthly 911 service fee payments to the state. It will restore over \$1 million a year in funding to 911 service centers.

Pensions: House Bill 484 separates the administration of the County Employees' Retirement System (CERS) from the Kentucky Retirement Systems' (KRS) board of trustees. CERS accounts for 76 percent of the pension assets KRS manages and makes up 64 percent of the KRS membership -- but controls only 35 percent of the seats on the KRS board.

Police pursuits: House Bill 298 will require local guidelines for police vehicle pursuits by Jan. 1 and require all officers to receive four hours of education on "vehicle emergency operations" every other year. It will be named Jill's Law in honor of Jill Hurst, an 18-year-old killed after a driver fleeing police struck the vehicle she was in.

Public health: House Bill 129, dubbed the public health transformation bill, will modernize public health policy and funding in Kentucky. It will do this by streamlining local health departments by getting them to refocus on their statutory duties. Those are population health, enforcement of regulations, emergency preparedness and communicable disease control.

REAL ID: House Bill 453 will allow the transportation cabinet to establish regional offices for issuing driver's licenses and personal identification cards. It also requires a mobile unit to visit every county to issue such credentials. It will ensure Kentucky complies with the federal REAL ID ACT enacted on the 9/11 Commission's recommendation.

School safety: Senate Bill 8 will require school resource officers (SROs) to be armed with a gun. The measure also clarifies various other provisions of the School Safety and Resiliency Act concerning SROs and mental health professionals in schools.

Sex offenders: House Bill 204 will prohibit sex offenders from living within 1,000 feet of a publicly

leased playground. Sex offenders must already follow these standards for publicly owned parks.

Students' well-being: Senate Bill 42 will require student IDs for middle school, high school and college students to list contacts for national crisis hotlines specializing in domestic violence, sexual assault and suicide prevention.

Taxes: Senate Bill 5 will require library boards, and other so-called special-purpose governmental entities, to get approval from a county fiscal court or city council before increasing taxes.

Terms of constitutional offices: House Bill 405 proposes a constitutional amendment that would increase the term of office for commonwealth's attorneys from six years to eight years beginning in 2030 and increase the term of office for district judges from four years to eight years beginning in 2022. It would also increase the experience required to be a district judge from two years to eight years. The proposed constitutional amendment will be decided on by voters this November.

Tobacco: Senate Bill 56 will raise the age to purchase tobacco products, including electronic cigarettes, to 21 from 18. The move will bring Kentucky's statute in line with a new federal law raising the age to 21. The bill will remove status offenses for youth who purchase, use or possess tobacco, often called PUP laws, and will shift penalties to retailers who fail to follow the increased age restriction.

Veterans: House Bill 24 will support plans to build a veterans nursing home in Bowling Green. The legislation appropriates \$2.5 million needed to complete design and preconstruction work for the 90-bed facility. That must be completed before federal funding is allocated to start construction on the proposed \$30 million facility.

The effective date of legislation approved during the 2020 legislative session, other than general appropriation bills and acts containing emergency or delayed effective date provisions, is July 15.

2020 Interim

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