

2014 Interim

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RECORD

Lawmakers urged to boost 9-1-1 funding

by Rebecca Hanchett
LRC Public Information

Local government officials across the state plan to ask the 2015 General Assembly to increase the wireless fee for enhanced 911 service as more and more Kentuckians move from wireline to wireless phones.

Local governments say they want state lawmakers to pass legislation during the upcoming regular legislative session that either raises the statewide Commercial Mobile Radio Service Board (CMRS) wireless fee to a “reasonable level” or allows cities and counties to assess their own wireless 911 fee to fund 911 services, Bardstown Mayor and Kentucky League of Cities (KLC) President Bill Sheckles told the Interim Joint Committee on Local Government on Oct. 22.

“If the General Assembly is going to refuse to raise the statewide CMRS fee, which is set in statute, then it should no longer preempt local governments from assessing local fees on wireless subscribers,” said Sheckles.

Most of the cost for 911 today—40 percent—is assumed by local government through their general funds, Sheckles said, quoting a 2013 CMRS report. That has forced “both cities and counties to use more and more general fund resources to maintain this most essential governmental service,” he added. Wireless fees only cover 23 percent of local 911 funding while 30 percent is covered by fees on landlines, Sheckles said.

The current fee paid by many cell phone carriers for 911 service in Kentucky is 70 cents per month, according to state law, while the CMRS reports that monthly landline fees in Kentucky range from 32 cents to \$4.

Speaking for the Kentucky Association of Counties, LaRue County Judge-Executive Tommy Turner said local governments have been able to consolidate many Public Safety Answering Points (PSAPs), or 911 call centers, with the number of



Senate Majority Leader Damon Thayer, R-Georgetown, speaks at the Oct. 22 meeting of the Interim Joint Committee on Local Government in Frankfort.

Breeder incentives working, lawmakers told

by Rebecca Hanchett
LRC Public Information

When it comes to breeding of thoroughbred horses, industry statistics show Kentucky bred nearly six times the number of mares in 2014 as its top competitor of Florida – and is offering breeder incentives to help make that possible.

Jamie Eads, the director of the Kentucky Horse Racing Commission’s Division of Incentives and Development, told the Kentucky General Assembly’s Subcommittee on Horse Farming on Nov. 12 that the Kentucky Breeders’ Incentive Fund created by statute in 2005 has provided millions of dollars of incentives for thoroughbred, standardbred, and non-racing horses bred in Kentucky over the past eight or nine years.

Breeders who register their horse with the

KBIF are eligible to win cash awards for winning eligible races throughout the world, according to a description of the program on the Kentucky Thoroughbred Association website.

“The most unique aspect of this program is we award money all over the world, so regardless of whether you’re racing in Kentucky or California, you’re going to get a breeder award for the same amount if you win the eligible race,” said Eads.

The incentives through KBIF are funded by sales taxes on fees paid for breeding a stallion to a mare in Kentucky. More than \$97 million—or about 80 percent of total KBIF revenues—have been awarded for winning eligible thoroughbred races since 2006, with \$10.4 million awarded for races won in 2013, according to Commission

Continued on page 2

Continued on page 2

9-1-1, from page 1

PSAPs statewide currently at 116. Kentucky has 120 counties, indicating that consolidation has taken place. Even so, Turner echoed Sheckles' sentiment that increased wireless 911 funding is a priority for his agency's members.

"E911 is the first link for help in an emergency situation and is one that citizens assume and demand to always be fully functional and accessible," said Turner, adding that counties are not asking the state for direct funding for E911. What is requested, he explained, is the ability to "correct the imbalance" in E911 funding streams.

"It's become an unsustainable amount (counties have to pay) given the limits of local governments to raise revenues combined with the unfunded or underfunded mandates that fiscal courts continually have to address," Turner told the panel.

Rep. Adam Koenig, R-Erlanger, indicated his support for more local control over the issue. Koenig was the sponsor of 2015 House Bill 273 which would have given local governments authority to collect additional E911 revenue for wireless and other communications.

"We've been allowing local governments to fund 911 through a tax on landlines for many, many years and there's no reason not to entrust you all to do the same with cellular phones, which is the exact same service provided in a new, updated manner. So I hope we can make that happen," Koenig said.

For his part, Committee Co-Chair Sen. Joe Bowen, R-Owensboro, said this may be a time to look more broadly at the enhanced 911 issue and scope out possible inefficiencies at 911 call centers in the state.

"I'm not trying to be negative...but when we do these types of things, I think we're shortsighted many times because we don't identify inefficiencies. I would encourage (taking) a broad comprehensive look" at the 911 system, said Bowen, adding that additional call center consolidation may need to be considered. Some of those sentiments were echoed by Co-Chair Rep. Steve Riggs, D-Louisville, who chaired today's meeting.

"We've got all this cost and administration and management and boards all for 116 different little PSAPs and we wonder if that's the most efficient way, but there's been no talk about (it)," said Riggs.

Turner explained consolidation among 911 call centers in the state has already reduced the number of PSAPs in Kentucky by two-thirds over the last 10 years. "We have seen tremendous consolidation in these organizations and these operations over the last few years," said Turner.

Also discussed before the committee were KLC's and KACo's other legislative priorities for 2015 including but not limited to revenue diversification, local option sales tax proposals, and local road aid funding.

Breeders, from page 1

statistics.

Early registration or "nominations" for the Kentucky Thoroughbred Breeders Incentive Fund ended with a total of 8,644 mares on Aug. 15, said Eads. That number will continue to grow through the end of the yearling year on Dec. 31, she said.

Eads added that 1,313 pregnant thoroughbred mares in the current Keeneland sale are nominated to the KBIF and another 500 could be added. Forty mares were nominated from the state's other major public sale at Fasig-Tipton on Nov. 3, she said.

As for standardbred horses, Eads said the state Standardbred Breeders Incentive Fund receives 13 percent of all sales tax collected, with over \$17 million allocated to standardbred breeders since the fund's inception.

The KBIF also funds the Kentucky Horse Breeders Incentive Fund, which has provided about \$9 million—or 7 percent of KBIF revenues—for non-racing breeds, including quarter horses, since the mid-2000s, said Eads.

The Commission's Executive Director John T. Ward, Jr. explained the KBIF as a jobs bill for the commonwealth.

"As we build these programs and as these programs come into the state, jobs come with them, and I think that's the disconnect we've had in the past..." said Ward. "We lost horses for four or five years, but now we're starting to gain them back."

Senate Majority Leader Damon Thayer, R-Georgetown, said the incentive funds are drawn from moneys that were funneled to the state General Fund until the KBIF was established.

"We're the only state in the Union that charges a sales tax for breeding a mare to a stallion, and so ever since (the KBIF was created), that money has been diverted from the General Fund to put it to much better use: incentivizing mare owners to breed their horses to Kentucky stallions and have that mare boarded here throughout the year," said Thayer.



Rep. Lynn Bechler, R-Marion, comments during the Interim Joint Committee on Agriculture on Nov. 12. The Subcommittee on Horse Farming reported to the committee that day.

He said he's glad the program is working, including language added allowing Kentucky-bred horses to earn rewards for races won outside of the U.S. "Seventy percent of the horses bred here and sold either privately or at one of our two public sales (at Keeneland or Fasig-Tipton) never race here," said Thayer. "I think this is the appropriate step."

The subcommittee's House Co-Chair Rep. Susan Westrom, D-Lexington, who chaired today's subcommittee meeting, delivered the subcommittee's report to the full Interim Joint Committee on Agriculture later in the day.

"The good news is Kentucky is continuing to increase the market share and our Breeder Incentive Funds have had a positive outcome for increasing racing purses, which is certainly the incentive to keep our horses racing in the state of Kentucky," said Westrom.

Lawmakers hear testimony on plan to keep Kentucky teacher pension solvent

by Jim Hannah
LRC Public Information

After state legislators challenged the Kentucky Teachers' Retirement System to develop a plan to stabilize its underfunded pension without additional tax dollars, its money managers proposed issuing billions of dollars in bonds.

The proposal was unveiled Nov. 19 at the last meeting of the year for the Interim Joint Committee on State Government. The General Assembly must now decide whether to act on the proposal when they gather for the regular session in January.

Beau Barnes, KTRS general counsel and deputy executive secretary of operations, compared the complex financial plan to an individual refinancing a house to get a better interest rate. The plan calls for the state to issue up to 3.3 billion in bonds at current and historically low interest rates.

It would not be the first time the state has issued bonds to support its teacher retirement system. Since 2010, \$890 billion in bonds was issued to pay for the teachers' healthcare system. Barnes said debt service from those bonds will start to decline in 2017 and could be redirected to pay for the new bonds. The state could also use tax dollars already budgeted for cost-of-living adjustments and sick leave liabilities to help finance the new bonds, Barnes said.

"I would encourage all of us, in both chambers and both parties, to really take a serious look at

this," House Speaker Greg Stumbo, D-Prestonsburg, said after hearing the proposal. "I am convinced it is a fundamentally sound proposal and if we don't act soon we may lose this window of opportunity."

His comments received a round of applause from the standing room

**Since 2010,
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only crowd of mostly retired teachers from across the state. KTRS distributes \$144 million per month to 49,500 retired teachers who depend on it for their retirement because Kentucky's teachers are not eligible for Social Security benefits.

"It's a very interesting proposal," said Rep. Brad Montell, R-Shelbyville. "I think it is an encouraging proposal — one that I am certainly open to further discussion."

Rep. Jim Wayne, D-Louisville, called the plan intriguing.

"It bears great merit because this has to be fixed," he said. "These are the frontline folks who are protecting our children and our future and we have to protect them."

Wayne said his concern was that legislators might issue bonds to stabilize the pension plan without passing legislation to fully fund the pension in the long term. The pension has \$18.5 billion in assets and is the eighth best performing public pension fund in the nation but it is still underfunded, according to KTRS. It has been experiencing negative cash flow since 2008 and will have to sell \$1.3 billion in assets to meet its obligations just through 2016.

"Speaking of elephants, the elephant in this room is there is no money even for the long-term stable financial plan," Wayne said. "We don't have it unless we have revenue restructuring in this state. That is what is not being mentioned here today."

"This is symptomatic of a much much more serious disease in this commonwealth. And that is our revenue system is totally out of whack. It is not going to grow as our needs, demands and responsibilities have grown."

Rep. James Kay, D-Versailles, encouraged the retired teachers in the crowd, including one that taught him, to fan out across the state to educate the electorate on the need to fully fund the pension.

"I think one of the aspects that I've learned from being in the schools in my district and talking to the teachers is that this is Kentucky's debt. This is everybody's debt but our teachers are not our burden. Our teachers are our asset. This is an opportunity to take bad debt and refinance it just as you would a house. I think we need to look at this as a way to invest in our teachers."

Building codes reviewed by legislative panel

by Rebecca Hanchett
LRC Public Information

What kind of work on Kentucky historic properties is exempt from state building and energy code standards was addressed in part on Nov. 19 by a state legislative committee.

The Interim Joint Committee on Local Government, chaired today by the committee's Co-Chair Sen. Joe Bowen, R-Owensboro, was told by the Kentucky Department of Housing, Buildings and Construction that the state's building code includes an exemption for historic buildings being "returned or restored to their original design," said Gary Feck, the department's acting director. The state also exempts residential historic properties from the nationally-accepted International Energy Code, under which Kentucky operates.

"Any historic building listed on a state, national, or historic property register...is exempt from compliance with (the International Energy Code),"

said Feck. The exemption does not apply to commercial construction as of this October, the department clarified.

Also exempt from state building code compliance are alterations, renovations and repairs that are considered "routine maintenance" which would exclude building additions, Feck said. Renovations that move walls, change windows or doors, etc. "are not necessarily exempt," he said, adding that a change in occupancy of in historic building would definitely trigger compliance with the state building code — but not the International Energy Code — for new construction.

In his comments, Bowen said state lawmakers need to be mindful of how the codes are written — "there are opportunities perhaps for things to be slipped in," he said—and that lawmakers should be vigilant in reviewing state administrative regulations used to implement state law.

"That is an important function here in the General Assembly of Kentucky," said Bowen.

The committee also heard from the Kentucky Heritage Council, which oversees historic property preservation and tax credits for preservation work. Kentucky ranks fourth in the number of listings on the National Register of Historic Places, which the KHC reports is the "nation's official list of resources deemed worth of preservation."

Rep. Tom McKee, D-Cynthiana, expressed concern with a growing number of vacant historic buildings he sees in rural Kentucky and showed an interest in helping communities tackle the issue. "We've got those buildings sitting there," said McKee.

Bowen asked officials from the Department of Housing, Buildings and Construction if the agency is actively helping people "untangle" the state's building codes so construction and renovation work can be done. The department's General Counsel Michael Davis didn't hesitate.

"Departmentally, I would say the answer is firmly yes," said Davis.

Lawmakers focus on heroin addiction treatment concerns

by Rob Weber
LRC Public Information

As the use of medications to treat heroin addiction grows, so does the potential for misuse of those medicines, lawmakers on the Health and Welfare Committee were told during a Nov. 19 meeting.

Data used to track prescription medicine shows possible red flags on the use of Buprenorphine, a prescription medicine used to treat addiction to opioids, state officials report.

While Buprenorphine, sold under brand names like Suboxone, is useful for controlling cravings for opioids and suppressing withdrawal symptoms, experts say it must be used in a strictly controlled manner.

“Some of this medication appears to be prescribed in settings that are not consistent with what we would recommend and some of it is being diverted to inappropriate illegal use,” said Allen Brenzel, medical director for the Department for Behavioral Health, Developmental and Intellectual Disabilities. “There seems to be often a lack of appropriate monitoring.”

The use of Buprenorphine drugs within the Kentucky Medicaid program has grown by 241 percent over the past two-and-a-half years. More than \$22.5 million was spent on the drug in 2013. The cost is expected to be even higher this year, with more than \$20 million spent on the drug in the first half of 2014.

Concerns about the use of Buprenorphine include situations in which patients aren’t closely monitored or provided therapeutic counseling in conjunction with medical treatment, said John Langefeld, medical director for the Department for Medicaid Services. “Also, the level in which we see the dosage of medication being prescribed is well above recommended guidelines,” he said. “We think that’s contributing to concerns about overdose.”

Misuse of Buprenorphine can occur when heroin addicts attempt to self-treat their addictions, Brenzel said.

“Its street value and diversion potential is for those who are in patterns of abuse who might be using it to stave off withdrawals between access to other abused substances. They may use it to try to be functional during periods of the week, when they’re trying to work or raise a family,” Brenzel said. “It’s a controlled substance. It’s a felony to divert it. It’s supposed to be used only in highly monitored situations.”

Addictions to opiates are now the most common reason for admission to drug treatment programs in Kentucky.

Heroin overdose deaths in Kentucky increased 207 percent from 2011 to 2012, said Audrey Tayse Haynes, secretary of the Cabinet for Health and Family Services.



At left: Sen. Denise Harper Angel, D-Louisville, listens to testimony at the Nov. 19 meeting. Below: Rep. David Watkins, D-Henderson, makes a comment during the meeting.

Senate President Pro Tem Katie Stine, R-Southgate, who sponsored anti-heroin legislation in the 2014 legislative session, said heroin problems are affecting economic development, schools, health care spending and law enforcement.

“We’ve also seen an adverse impact on our courts,” Stine said. “My husband, who’s a judge in Campbell County, says most of the cases that come before him have to do with heroin. They’re either folks who are specifically arrested for heroin trafficking or usage or folks who have engaged in ancillary activities, drug-seeking and money-seeking activities that satisfy their drug-taking need.”

Stine said that although the Ebola virus is rightfully getting much public attention, Kentuckians “have actually suffered more deaths from heroin and drug overdoses in general than I hope we will ever see from Ebola, and yet there’s a level of unconcern, of complacency, the feeling that ‘It won’t ever affect me so why should I be concerned?’ And yet what we’ve seen in our community is that it is indeed affecting everyone.”



2015 REGULAR SESSION CALENDAR

JANUARY – PART I

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

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

MARCH

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

FEBRUARY – PART II

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

() Denotes Legislative Day

2014

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Committee Meetings

Index

A
Administrative Regulation Review Subcommittee, 46
Agriculture, 10
Appropriations and Revenue, 12, 13

B
Banking and Insurance, 14

C
Capital Planning Advisory Board, 44
Capital Projects and Bond Oversight, 44

E
Economic Development and Tourism, 14
Education, 16
Energy, 18

H
Health and Welfare, 18, 21

J
Judiciary, 23

L
Labor and Industry, 26
Licensing and Occupations, 25
Local Government, 28, 31

N
Natural Resources and Environment, 33

P
2015 Prefiled Bills, 53
Program Review and Investigations, 49

S
State Government, 34, 37, 39

T
Transportation, 40

V
Veterans, Military Affairs, and Public Protection, 43

INTERIM JOINT COMMITTEE ON AGRICULTURE

Minutes of the 5th Meeting of the 2014 Interim

October 8, 2014

Call to Order and Roll Call

The 5th meeting of the Interim Joint Committee on Agriculture was held on Wednesday, October 8, 2014, at 1:00 PM, in Room 149 of the Capitol Annex. Representative Tom McKee, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Paul Hornback, Co-Chair; Representative Tom McKee, Co-Chair; Senators Carroll Gibson, David P. Givens, Sara Beth Gregory, Dennis Parrett, Dorsey Ridley, Robin L. Webb, and Whitney Westerfield; Representatives Lynn Bechler, Mike Denham, Myron Dossett, Jim Glenn, Derrick Graham, Richard Heath, James Kay, Kim King, Martha Jane King, Michael Meredith, Terry Mills, David Osborne, Ryan Quarles, Tom Riner, Bart Rowland, John Short, and Wilson Stone.

Legislative Guest: Representative Jimmie Lee.

Guests: Dr. Suzanne Weaver Smith, University of Kentucky, College of Engineering; Martin Richards, Executive Director, Community Farm Alliance, Ben Able, farmer and Community Farm Alliance Board President, Will Bowling, farmer and Community Farm Alliance member; Tamara Sandberg, Executive Director, Kentucky Association of Food Banks, and Paula Hamm Stearns, Locally Produced Foods Organization.

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

The September 5, 2014 minutes were approved upon voice vote, without objection, on motion by Representative Mike Denham and second by Senator Paul Hornback.

The Subcommittee Reports on Rural Issues and Horse Farming were approved upon voice vote, without objection, on motion by Representative Wilson Stone and second by Representative Terry Mills.

The letter to the Administrator of the United States Environmental Protection Agency regarding the proposed rulemaking on Waters of the United States along with attached roll call vote was approved, without objection, on motion by Representative Richard Heath and second by Representative Martha Jane King. Members for whom no vote was recorded were not present for the vote.

Use of Unmanned Aircraft Systems in Agriculture

Dr. Suzanne Weaver Smith, University of Kentucky College of Engineering, discussed Kentucky's opportunities for the use of Unmanned

Aircraft Systems (UAS) in agriculture. She said that the use of UAS and technology would benefit farmers as well as boost economic development. The estimated economic impact for Kentucky is at least 700 high paying jobs. The immediate agricultural use for UAS for farming is scouting for problems, soil evaluation, precision applications, yield estimates, and damage assessments. The first UAS was introduced in Japan in 1990. More than 2,500 Yamaha RMAX helicopters are in use. They are used for crop dusting, precision spraying, frost mitigation, and other agricultural activities. Other UASs available are specific—the Trimble UX5 carries cameras and other sensors to provide data that integrates with farm software.

Dr. Smith said that the current understanding of the Federal Aviation Administration (FAA) is that no one can commercially operate an unmanned aerial system in the United States except for exempted movie production companies and two other companies that are doing pipeline inspections in Alaska. Farmers had requested to be exempt under model airplane rules for flying below 400 feet, but a clarification was issued in July stating that farmers were not exempt. New rules for small UAS integration into the national airspace are expected in 2015.

Some states have enacted legislation regarding UAS. Tennessee had added UAS to the state's list of farm machinery purchases recognized for tax benefits. The UAS language encourages manufacturers to locate in Tennessee and provides a benefit to farmers. Several states are investing in facilities to conduct research, training, and demonstrations. In 2013, the UK Unmanned Systems Research Consortium was formed for researchers and companies to collaborate for definition of research priorities and events. Dr. Smith said that Kentucky has a strong aerospace program that starts with high school networking, the Institute for Aerospace Education, which involves 30 school districts and 1,000 students across the state. Aerospace is Kentucky's leading export. One other strong element of research and development of UAS are the returning veterans who are trained in their use. A Kentucky UAS facility location would require FAA approval. The best location would be adjacent to the agricultural experiment station.

In response to Senator Paul Hornback, Dr. Smith said that official rules for a small UAS could appear as early as 2015. The exemption process for use in farming could happen soon.

In response to Senator David Givens, Dr. Smith said that there is legislation on ways to deal with privacy issues and who would be responsible if suspicious activity were detected by a UAS. Privacy issues involving a UAS will have to be dealt with through state legislation.

Senator Robin Webb expressed concerns about using a UAS under false or disguised intent to monitor or harass law abiding hunters, trappers, anglers, and recreational animal users, or farm production of

animal agriculture.

In response to Representative Kim King, Dr. Smith said that there is a Website for the UK Unmanned Systems Research Consortium. She will mail published articles, including the website information, to staff for distribution. With sufficient notice, visitors are occasionally welcomed to the facility.

In response to Senator Dennis Parrett, Dr. Smith said that the Association for Unmanned Vehicle Systems International (AVUSI) is an excellent advocate for the industry in promoting environmental assets.

In response to Representative Tom Riner, Dr. Smith said that the small UAS systems do not fly high nor do they fly for long periods of time due to short battery life.

Community Farm Alliance

Martin Richards, Executive Director, Community Farm Alliance (CFA) introduced Ben Able, farmer and CFA Board President, and Will Bowling, farmer and CFA member.

Mr. Able explained that the establishment of a Kentucky food policy network would play a valuable role in farming, health, food and economic development. Mr. Able described himself as a small farmer running a produce farm consisting of 26 acres. Over the past four years, his farm had donated over 25 tons of produce to food banks in central Kentucky. The tax credit on the donation has been extremely helpful. House Bill 344 has provided help in allowing farmers to get paid below market-rate produce and was important this year. An indirect benefit of House Bill 391 is being able to sell to a wholesale processor who has purchased over 80,000 pounds of produce for the last three years. One area that needs strengthening is developing relationships with institutional buying partners to open markets to Kentucky farm families. CFA believes that the farm is the foundation for growth. Kentucky's family farms and the civic and business institutions that support them can serve as a foundation for a new wave of economic prosperity.

Mr. Bowling, farmer and Community Farm Alliance member, explained that his family farm in Clay County raises direct market meats and vegetables. The farm services customers in Clay, Leslie, Perry, Laurel, and Knott counties, and several area restaurants and the Manchester Memorial Hospital. CFA is working with farmers in the eastern half of the state supporting the Farmers' Market Support Program. is providing business development tools to new and beginning farmers, and direct support to the market by promotional activities. CFA is actively involved in Shaping our Appalachian Region (SOAR) by participating in the agriculture working group committee providing information that would allow agriculture to move to the next step in eastern Kentucky. Eight counties in eastern Kentucky have been included in the federal "Promise Zone," meaning those eight counties take priority when applying for a federal grant. Kentucky Highlands Investment is the leading entity who has been charged with implementing the "Promise Zone Initiative" on the ground. Kentucky Highlands Investment is working with Martin Richards to lead the committee on developing a strategic plan for agriculture and

local foods. Mr. Bowling said there is tremendous amount of excitement and opportunity being felt by the counties. Agriculture has the potential to play an enormous role in the economy. He encouraged the committee to remember that agriculture in eastern Kentucky is not going to look like agriculture across the rest of the state. The agriculture system needs to be approached with an open mind to reach out and find the opportunities available.

Mr. Richards explained that CFA has been working on local, regional, and nutritional food system development. Agriculture policy and the food system have a direct relationship to public health. CFA applied for a United States Department of Agriculture (USDA) National Institute of Food and Agricultural Community Food project planning grant. CFA received the grant and the money has gone toward supporting a Kentucky food policy network. The USDA grant was a match with the Foundation for a Healthy Kentucky who provided the other half of the match. CFA will be applying for other grants in order to continue supporting the development of the network. CFA staff has been working at the community level with Letcher County schools to provide a summer feeding program. The Letcher County Farmers Market was the first market in the state and the second market in the country providing a summer feeding program. The USDA will continue funding CFA for the summer feeding program in order to expand the Farmers Market Support Program to five more markets in 2015 and five more in 2016. Mr. Richards said that CFA will be following up on legislation that required agencies to submit reports to the Legislative Research Commission. CFA will be reviewing previous legislation to determine if other issues needed to be addressed.

In response to Senator Paul Hornback, Mr. Bowling said the use of Master Settlement Agreement Funds has been high in Clay County. He stated that there are a lot of opportunities in eastern Kentucky.

In response to Representative Jim Glenn, Mr. Able stated that the difference with eastern Kentucky land versus western Kentucky land is the availability of level crop land. Eastern Kentucky, in the past, has had a hard time finding crops that will produce a livable wage on the farm. Market access is important in growing any type of produce or beef. When his family first started farming, they sold cow/calf beef that did not provide a livable income. Now they sell meat and raise vegetables to sell directly to the end of consumer. They have become farmers and marketers.

Farms to Food Banks Produce Purchase Update

Ms. Tamara Sandberg, Executive Director, Kentucky Association of Food Banks, explained that there are seven regional food banks that work with 950 local pantries, serving all 120 counties in Kentucky. The goal of the program is to increase access to healthy food among struggling families. There is still a great need for produce. The other goal is to help farmers by paying a fair price for their produce. Reducing the amount of wasted food is the third goal of the program, and it has helped to reduce wasting in the field. Ms. Sandberg asked Mr. Able to share his experience with the program.

Mr. Able, a producer from Oldham County, said he delivers to God's Food Bank Pantry in Lexington and Dare to Care Food Bank in Louisville. He has increased tomato production but he encountered difficulties when some of the contracts fell through and he was left with tomatoes that needed to be sold. He worked with the Farms to Foods Bank program and was able to deliver a high quality product at a below market value, but it was still enough money to help with some of the costs.

Ms. Sandberg stated that for the first time ever, the 2014 General Assembly appropriated funds to be used for hunger relief efforts. In addition to the appropriated funds, the program also received \$41,000 from the tax check-off program. The appropriation funds and the money from the tax check-off program go into the Farms to Foods Banks Trust Fund, which is administered by the Department of Agriculture. The Surplus Agricultural Commodities Advisory Committee of the Kentucky Department of Agriculture submitted a report of the Farms to Food Banks Trust Fund to the Governor and the Legislative Research Commission pursuant to KRS 247.984. More than 350 farmers from 60 counties received payment for surplus produce. About 2.9 million pounds of produce were distributed through the food bank network to hungry Kentuckians. She said that \$100,000 was set aside for The Hunters for the Hungry Program. The remaining grant funds will be spent on cool season crops in May and June 2015. A final report will be submitted to KDA by August 2015. The last county to receive produce will be Robertson County, which does not have a local food pantry; God's Pantry is sending a truckload of produce.

In response to Representative Jim Glenn, Ms. Sandberg said there are no local agencies in Robertson County that has the capacity to distribute fresh produce. Most of the 60 counties with producers are mostly in central Kentucky, but western Kentucky had a lot of producers this year.

In response to Senator Robin Webb, Ms. Sandberg said that the program had not received any venison from the Hunters for the Hungry yet, but is anticipating that will change in the next couple of weeks.

In response to Representative Derrick Graham, Ms. Sandberg said that producers are directed to contact a local food bank who would be able to accept fresh produce. If the local food bank was unable to accept the produce, then they would be directed to the next closest food bank.

In response to Representative Derrick Graham, Steve Kelly, Department of Agriculture (DOA) explained how the Hunters for the Hungry Program was included in the Farms to Food Banks program. The legal department deemed it was appropriate that the program be included. Hunters for the Hungry approached KDA about putting money in the program. The department is trying to help eliminate the over-population of deer and at the same time trying to find a use for the venison. The department is willing to work on changing the budget language to include Hunters for the Hungry.

Representative Jimmie Lee noted that two food banks in Kentucky received funds from Wal-Mart.

He said that Feeding America Kentucky Heartland in Elizabethtown received \$60,000 for the weekend “backpack” program. Ms. Sandberg said that three other food banks received money as well: Dare to Care Food Bank in Louisville, God’s Pantry Food Bank in Lexington, and Free Star Food Bank, which is located in Cincinnati but serves nine counties in northern Kentucky.

Locally Produced Foods Organization

Paula Hamm Stearns, Founder and Director of Locally Produced Foods Organization, Elizabethtown, explained that the organization is a non-profit with the goal of helping consumers connect to locally grown and whole foods and to eat healthier. The organization raises funds by listing, for a fee, on-line helpful information for producers and sellers (retailers and wholesalers) and restaurants of locally produced goods and products. The listing is for producers who sell on a larger scale than farmers markets, but there are links to the Kentucky Farmer’s Market through the Department of Agriculture and other state markets. Research shows that locally produced foods help communities. She said that 50 percent of the funds collected go to funding \$500 competitive grants for expanding small farm producers and public school lunch programs.

Ms. Stearns stated that the on-line Website will ask sellers and restaurants to list their needs or desired produce or products. Producers can view the information and contact the seller or restaurant to negotiate a contract to fill the market need.

Ms. Stearns said the purpose of her presentation was to inform the committee of other options for promoting and helping the producer, seller, and restaurants to provide locally grown food and products. The goal is to get the word out through agricultural extension agents to help fill the supply and demand of produce and products.

In response to Senator Dennis Parrett, Ms. Stearns said that the definition of sellers, producers, and retailers needs to be clearer. The grants of \$500 are derived from 50 percent of payments to list on the Website. Competitive grant applications are on-line.

There being no further business, the meeting was adjourned.

INTERIM JOINT COMMITTEE ON APPROPRIATIONS AND REVENUE

Minutes of the 5th Meeting of the 2014 Interim

October 23, 2014

Call to Order and Roll Call

The fifth meeting of the Interim Joint Committee on Appropriations and Revenue was held on Thursday, October 23, 2014, at 1:00 PM, in Room 154 of the Capitol Annex. Representative Rick Rand, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Bob Leeper, Co-Chair; Representative Rick Rand, Co-Chair; Senators Tom Buford, David P. Givens, Sara Beth Gregory, Denise Harper Angel, Ernie Harris, Stan Humphries, and Alice Forgy Kerr; Representatives Dwight D. Butler, John Carney, Leslie Combs, Jesse Crenshaw, Ron

Crimm, Robert R. Damron, Mike Denham, Myron Dossett, Richard Henderson, Jimmie Lee, Reginald Meeks, Marie Rader, Sal Santoro, Arnold Simpson, Rita Smart, Fitz Steele, Tommy Turner, Jim Wayne, and Addia Wuchner.

Guests: Dr. Lynette Breedlove, Director, Gatton Academy; Dr. Julia Roberts, Mahurin Professor of Gifted Studies and Executive Director of The Center for Gifted Studies, Gatton Academy; Dr. Steven Ralston, Provost, Morehead State University; Dr. Carol Christian, Director, Craft Academy; Tammy Watts, Director, Department of Revenue, Division of Collections; and, Gary Morris, Policy Advisor, Department of Revenue, Office of the Commissioner.

LRC Staff: John Scott, Charlotte Quarles, Eric Kennedy, Jennifer Hays, and Spring Emerson.

Gatton Academy of Mathematics and Science

Dr. Roberts and Dr. Breedlove testified about the activities of the Gatton Academy of Mathematics and Science at Western Kentucky University.

In response to questions from Representative Denham regarding why the number of students from Kentucky counties is not higher, Dr. Roberts said more students should apply. She said the goal of the Gatton Academy is to help Kentucky raise standards for advanced students. She said the Academy would welcome help from the various school districts in encouraging the highest level of classes be offered. The cost per student is approximately \$22,000 per year, for two years.

In response to a question from Senator Givens regarding the state of final residence after the last degree attained, Dr. Roberts said she would provide that information to the committee at a later date.

Representative Crenshaw commended the Gatton Academy on its fine work.

Representative Carney thanked the Academy and said he is a proud father of a Gatton Academy student.

Craft Academy of Excellence in Science and Mathematics

Dr. Ralston and Dr. Christian provided an introduction and update on program development for the Craft Academy of Excellence in Science and Mathematics at Morehead State University (MSU).

In response to questions from Chairman Rand, Dr. Christian said the first class of 60 rising juniors and 60 high school seniors will begin in August 2015, for a full capacity of 120 students to start. The Academy has received over 300 inquiries so far.

In response to questions from Senator Buford regarding financial requirements, Dr. Christian said the tuition, room, and meal plan are provided through the Craft Academy Experience by the support of the Kentucky legislature and Mr. Joe Craft. The fees associated with some coursework will be included in the MSU financial package. The Academy is working on creating a fund for international study abroad trips, which would be an extra expense. The cost per student would be approximately \$25,000 per year, for two years.

Representative Carney said that guidance counselors in local schools should be informing students of those opportunities.

Chairman Rand requested a motion to approve the minutes from the August 28, 2014 and

September 25, 2014 meetings. The motion was made by Representative Damron and seconded by Representative Henderson, and the minutes were approved without objection.

Kentucky Department of Revenue Status Report

Mr. Morris and Director Watts provided an overview of the Division of Collections in the Department of Revenue.

In response to a question from Chairman Rand, Ms. Watts said the Division of Collections does not handle tobacco e-tax filing and reporting compliance requirements. Mr. Morris said that the compliance efforts would be handled in the Miscellaneous Tax Section in the Department of Revenue.

There being no further business before the committee, the meeting was adjourned at 2:17 PM.

INTERIM JOINT COMMITTEE ON APPROPRIATIONS AND REVENUE

Budget Review Subcommittee on Postsecondary Education

Minutes of the 3rd Meeting of the 2014 Interim

October 23, 2014

Call to Order and Roll Call

The 3rd meeting of the Budget Review Subcommittee on Postsecondary Education of the Interim Joint Committee on Appropriations and Revenue was held on Thursday, October 23, 2014, at 10:00 AM, in Room 154 of the Capitol Annex. Representative Kelly Flood, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Stan Humphries, Co-Chair; Representative Arnold Simpson, Co-Chair; Senators David P. Givens, Gerald A. Neal, Johnny Ray Turner, and Mike Wilson; Representatives Julie Raque Adams, Derrick Graham, Reginald Meeks, and Rita Smart.

Guests: Dr. Amanda Ellis, Associate Commissioner, Office of Next Generation Learners, Kentucky Department of Education; Dr. Kelly Foster, Associate Commissioner, Office of Next Generation School and Districts, Kentucky Department of Education.

LRC Staff: Jennifer Rowe, Joe Lancaster, and Amie Elam.

Kentucky Department of Education (KDE)

Dr. Amanda Ellis and Dr. Kelly Foster testified about achievement gaps in Kentucky and successful intervention strategies.

In response to a question by Representative Graham, Dr. Foster said that districts use a best practices website to see which strategies are working around the Commonwealth. Dr. Ellis said that recently over 600 Kentucky educators attended the second annual summit for closing achievement gaps. During the summit, educators were able to share the strategies that were working in their schools. At the request of Representative Graham, KDE agreed to provide color copies of the PowerPoint.

In response to a question by Representative Smart, Dr. Foster said that the non-duplicated gap slide shows students that would fit into many gap

categories but only counts them once. This prevents schools from being accountable multiple times for the same student.

In response to a question by Senator Wilson, Dr. Ellis said that KDE will provide additional information to the committee regarding gap percentages in grades four through eight and at the high school level.

In response to a question by Senator Neal, Dr. Ellis said that KDE will provide more historical analysis on what the numbers in the presentation mean and how the gap is being closed.

In response to a question by Representative Meeks, Dr. Ellis said that a Hub school is a school that has moved from the bottom five percent of schools to the ninety to ninety-fifth percentile of schools in terms of success. A focus school is a school in the bottom ten percent of the state.

In response to a question by Senator Givens, Dr. Ellis said that a Hub school measures the gap by looking at the percentage of non-duplicated gap students and whether they are scoring proficiently in reading and math.

In response to a question by Representative Miller, Dr. Foster said that, in 2010, KDE identified the bottom five percent of schools. KDE provides those priority schools with extensive resources and education recovery staff. New data shows that three more schools have exited priority status.

In response to a question by Representative Graham, Dr. Ellis said that KDE will provide the committee with data that show correlations in proficiencies increasing and gaps decreasing, and how that is moving schools out of priority status.

In response to a question by Chair Flood, Dr. Ellis said that part of recruitment is making sure that the teacher population is diverse and that teachers represent the student population.

In response to a question by Representative Graham, Dr. Foster said that KDE is in discussions with the Education Professional Standards Board about a longer residency for the Kentucky Teacher Internship Program. A longer residency might help to better mentor, adapt, and reduce the amount of turnover for teachers early in their careers.

In response to a question by Senator Neal, Dr. Ellis said that KDE will provide historical data in regards to minority teacher improvement.

There being no further business before the committee, the meeting adjourned at 11:00 a.m.

INTERIM JOINT COMMITTEE ON APPROPRIATIONS AND REVENUE Budget Review Subcommittee on Primary and Secondary Education Minutes of the 3rd Meeting of the 2014 Interim

October 23, 2014

Call to Order and Roll Call

The 3rd meeting of the Budget Review Subcommittee on Primary and Secondary Education of the Interim Joint Committee on Appropriations and Revenue was held on Thursday, October 23, 2014, at 10:00 AM, in Room 154 of the Capitol Annex. Representative Kelly Flood, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Stan Humphries, Co-Chair; Representative Kelly Flood, Co-Chair; Senators David P. Givens, Gerald A. Neal, Johnny Ray Turner, and Mike Wilson; Representatives Jeffery Donohue, Derrick Graham, Dennis Horlander, Charles Miller, and Steven Rudy.

Guests: Dr. Amanda Ellis, Associate Commissioner, Office of Next Generation Learners, Kentucky Department of Education; Dr. Kelly Foster, Associate Commissioner, Office of Next Generation School and Districts, Kentucky Department of Education.

LRC Staff: Joe Lancaster, Jennifer Rowe, and Amie Elam.

Kentucky Department of Education (KDE)

Dr. Amanda Ellis and Dr. Kelly Foster testified about achievement gaps in Kentucky and successful intervention strategies.

In response to a question by Representative Graham, Dr. Foster said that districts use a best practices website to see which strategies are working around the Commonwealth. Dr. Ellis said that recently over 600 Kentucky educators attended the second annual summit for closing achievement gaps. During the summit, educators were able to share the strategies that were working in their schools. At the request of Representative Graham, KDE agreed to provide color copies of the PowerPoint.

In response to a question by Representative Smart, Dr. Foster said that the non-duplicated gap slide shows students that would fit into many gap categories but only counts them once. This prevents schools from being accountable multiple times for the same student.

In response to a question by Senator Wilson, Dr. Ellis said that KDE will provide additional information to the committee regarding gap percentages in grades four through eight and at the high school level.

In response to a question by Senator Neal, Dr. Ellis said that KDE will provide more historical analysis on what the numbers in the presentation mean and how the gap is being closed.

In response to a question by Representative Meeks, Dr. Ellis said that a Hub school is a school that has moved from the bottom five percent of schools to the ninety to ninety-fifth percentile of schools in terms of success. A focus school is a school in the bottom ten percent of the state.

In response to a question by Senator Givens, Dr. Ellis said that a Hub school measures the gap by looking at the percentage of non-duplicated gap students and whether they are scoring proficiently in reading and math.

In response to a question by Representative Miller, Dr. Foster said that, in 2010, KDE identified the bottom five percent of schools. KDE provides those priority schools with extensive resources and education recovery staff. New data shows that three more schools have exited priority status.

In response to a question by Representative Graham, Dr. Ellis said that KDE will provide the committee with data that show correlations in proficiencies increasing and gaps decreasing, and how that is moving schools out of priority status.

In response to a question by Chair Flood, Dr.

Ellis said that part of recruitment is making sure that the teacher population is diverse and that teachers represent the student population.

In response to a question by Representative Graham, Dr. Foster said that KDE is in discussions with the Education Professional Standards Board about a longer residency for the Kentucky Teacher Internship Program. A longer residency might help to better mentor, adapt, and reduce the amount of turnover for teachers early in their careers.

In response to a question by Senator Neal, Dr. Ellis said that KDE will provide historical data in regards to minority teacher improvement.

There being no further business before the committee, the meeting adjourned at 11:00 a.m.

INTERIM JOINT COMMITTEE ON APPROPRIATIONS AND REVENUE Budget Review Subcommittee on Transportation Minutes of the 3rd Meeting of the 2014 Interim

October 23, 2014

Call to Order and Roll Call

The third meeting of the Budget Review Subcommittee on Transportation of the Interim Joint Committee on Appropriations and Revenue was held on Thursday, October 23, 2014, at 10:30 AM, in Room 131 of the Capitol Annex. Representative Leslie Combs, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Jimmy Higdon, Co-Chair; Representative Leslie Combs, Co-Chair; Senators Ernie Harris and R.J. Palmer II; Representatives Hubert Collins, Tim Couch, Jim Gooch Jr., Dennis Keene, Tanya Pullin, Sal Santoro, John Short, and Jim Stewart III.

Guests: Mike Hancock, Secretary, Transportation Cabinet; David Talley, Innovative Finance Manager, Department of Highways, Transportation Cabinet; and, Mary Elizabeth Bailey, Commissioner, Department of Human Resources Administration, Personnel Cabinet.

LRC Staff: Chuck Truesdell, Ben Baker, and Spring Emerson.

Road Fund Update

Secretary Hancock and David Talley provided an update of the Road Fund.

In response to a question from Representative Collins, Secretary Hancock said it is difficult to speculate about the future of the gas tax.

In response to questions from Co-Chair Higdon, Mr. Talley said the motor vehicle usage number includes the six percent collections on new car and used car purchases. He said over the past five years, motor vehicle usage collections have increased from about \$333 million to approximately \$443 million. The increase is due to a variety of factors, such as the vehicle values and the pace in which people are purchasing vehicles, as well as the change in vehicle usage tax.

Federal Highway Trust Fund Update

Secretary Hancock provided an update of the Federal Highway Trust Fund.

In response to a question from Representative Collins, Secretary Hancock said the federal gas tax is a per gallon rate at 18.4 cents.

Representative Pullin complimented the Transportation Cabinet for its efforts in finding many ways to economize in these tough times. She said the use of a micro thin overlay to extend the life of pavement and asphalt is one excellent example.

Chair Combs said there was language in the Transportation Cabinet Operating Budget to address engineering salaries, and the report is not yet complete; however, representatives of the Personnel Cabinet will provide an update.

Status of Transportation Engineering Series Salary Plan

Commissioner Bailey provided an update on the status of the Transportation Engineering Series Salary Plan, which is currently in process and should be ready by October 31, 2014.

Co-Chair Higdon commented that he looks forward to receiving the report and hopes the cabinet finds efficiencies and funds to cover those much-needed salary revisions. Secretary Hancock said the cabinet will work diligently to implement the plan in order to retain and attract engineers. He said there is an engineering scholarship program in place dating back to 1953 that is the envy of virtually every other state and has produced many engineers the cabinet has relied on over the years. Chair Combs said that, after the report is received, legislators will be charged with addressing that issue for the next budget.

Representative Stewart inquired about a decrease in mining inspectors and some of those jobs being absorbed by the Transportation Cabinet. Commissioner Bailey said that information will be provided to the subcommittee at a later date.

Chair Combs requested a motion to approve the minutes of the July 24, 2014 meeting. A motion was made by Representative Couch and seconded by Representative Stewart, and the minutes were approved without objection.

There being no further business before the subcommittee, the meeting was adjourned at 11:00 AM.

INTERIM JOINT COMMITTEE ON BANKING AND INSURANCE

Minutes of the 2nd Meeting of the 2014 Interim

October 28, 2014

Call to Order and Roll Call

The 2nd meeting of the Interim Joint Committee on Banking and Insurance was held on Tuesday, October 28, 2014, at 10:00 AM, in Room 171 of the Capitol Annex. Representative Jeff Greer, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Tom Buford, Co-Chair; Representative Jeff Greer, Co-Chair; Senators Jared Carpenter, Julian M. Carroll, Julie Denton, Chris Girdler, Dennis Parrett, Dorsey Ridley, Albert Robinson and Brandon Smith; Representatives Johnny Bell, Dwight D. Butler, Ron Crimm, Robert R. Damron, Joseph M. Fischer, Jim Gooch Jr.,

Mike Harmon, Dennis Horlander, Dennis Keene, Thomas Kerr, Adam Koenig, David Meade, Michael Meredith, Brad Montell, David Osborne, Ruth Ann Palumbo, Ryan Quarles, Steve Riggs, Jonathan Shell, Kevin Sinnette, Fitz Steele, Wilson Stone, Tommy Thompson, John Tilley, and Ken Upchurch.

Guests: Charles Vice, Commissioner, Department of Financial Institutions; Ballard Cassady, President/CEO, Kentucky Bankers Association; Debra Stamper, General Counsel, Kentucky Bankers Association; and John Cooper, Government Affairs Consultant, Kentucky Bankers Association.

LRC Staff: Rhonda Franklin, Sean Donaldson, and Marlene Rutherford.

The minutes of the September 23, 2014 meeting were approved.

State of Financial Institutions in Kentucky

Charles Vice, Commissioner of the Department of Financial Institutions, gave an update on deferred deposit transactions. He stated that currently there are eight complaints against brick and mortar payday lenders, 78 complaints against internet payday lenders, and 51 other complaints, bringing the total to 137 complaints against payday lenders at this time in Kentucky. He stated that the total number of deferred deposit transactions for 2013 was 2,192,018. The average amount per transaction was \$335.17, the average fee per transaction was \$55.38, total number of borrowers was 211,660, and the average length of the transaction was 20.2 days. Commissioner Vice gave an update on the status of banks in Kentucky. He stated that when compared to surrounding states Kentucky ranked 2nd for net interest margins, 4th for return on average assets, and 1st in capital. He addressed the new regulations coming from the federal government and said for the average community bank it required an additional \$150,000 in expenses and 3,411 hours last year to keep up with the new regulations. He discussed non-qualified mortgages and said that a recent survey of community banks in Kentucky showed that 37 percent would no longer make such loans, and 44 percent would only do so on an exceptions basis. He also discussed the important nature and financial impact of community banks.

Representative Koenig asked about the nature of the complaints on payday lending, and about the fines. Commissioner Vice stated that the complaints are usually dealing with collection practices or keeping the loan's open status after it should have closed. Fines have increased because they are meant to be punitive, and they are incorporated into the operating budget of DFI.

Representative Fischer asked what the legislature can do to help banks with regard to federal regulations. Commissioner Vice stated that the General Assembly can put pressure on and talk to federal legislators and agencies.

Representative Kerr asked whether a decrease in nonqualified mortgages would have an impact on the number of mortgages received in Kentucky. Commissioner Vice stated that that is what they expect to see.

Discussion Regarding the Present State of the Banking Industry in Kentucky

Ballard Cassady, President/CEO, Kentucky Bankers Association, discussed the industry's

perspective on the state of banking in the Commonwealth. There are 183 banks headquartered in Kentucky, which is down 11 since 2012. He stated that 49 percent of those 183 have been in business for more than 100 years, and 40 percent have asset totals less than \$100 Million. The Kentucky Bankers Association's has an alternative to judicial foreclosure in which the consumer would not be subject to a deficiency judgment, eviction laws would still have to be complied with, both parties must agree to the non-judicial foreclosure, and the consumer could opt out at any time prior to ten days before the sale.

Senator Carroll stated that he is in favor of the Kentucky Bankers Association's non-judicial foreclosure proposal.

Representative Sinnette stated the he is in favor of the removal of the deficiency judgment against the homeowner.

Representative Thompson asked if this proposal or something similar was prevalent in other states. Ballard Cassady stated that it was present in least 38 states.

Representative Quarles asked which federal issues are important to the Kentucky Bankers Association. Mr. Cassady said that Association members feel that Congressman Andy Barr's bill regarding non-qualified mortgages and formulating a definition of a "traditional" bank are important.

Representative Kerr asked about junior lienholders under non-judicial foreclosure. Mr. Cassady stated that they would be treated in the same manner as judicial foreclosures.

Representative Meredith discussed the need to update the "rural" bank designation.

Representative Thompson asked if the Kentucky Bankers Association is seeing increased consolidations and mergers due to the number of federal regulations and the new capital requirements. Mr. Cassady stated yes, and that it will be inevitable to have more mergers and closures.

With no further business, the meeting was adjourned.

INTERIM JOINT COMMITTEE ON ECONOMIC DEVELOPMENT AND TOURISM

Minutes of the 5th Meeting of the 2014 Interim

October 16, 2014

Call to Order and Roll Call

The 5th meeting of the Interim Joint Committee on Economic Development and Tourism was held on Thursday, October 16, 2014, at 1:00 PM, in the Biomedical Biological Sciences Research Building at the University of Kentucky, Lexington. The meeting was a joint meeting with the Interim Joint Committee on Labor and Industry. Senator Alice Forgy Kerr, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Alice Forgy Kerr, Co-Chair; Representative Keith Hall, Co-Chair; Senators Carroll Gibson, Denise Harper Angel, Jimmy Higdon, Dennis Parrett, and Mike Wilson; Representatives Lynn Bechler, Kevin D. Bratcher, Tim Couch, Mike

Denham, Jeffery Donohue, C.B. Embry Jr., Jim Gooch Jr., Mike Harmon, Richard Heath, James Kay, Dennis Keene, Thomas Kerr, Kim King, Martha Jane King, Tom McKee, Terry Mills, Ruth Ann Palumbo, Arnold Simpson, John Will Stacy, Wilson Stone, Tommy Thompson, and Russell Webber.

Guests: Dr. Eli Capilouto, President, University of Kentucky; Dr. Michael Karpf, Executive Vice President for Health Affairs, University of Kentucky, and Beth Brinly, Commissioner, Department of Workforce Investment, Education and Workforce Development Cabinet.

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

Approval of Minutes

A motion by Representative McKee and second by Representative Palumbo to approve the minutes of the September 18 meeting carried by voice vote.

University of Kentucky's Impact on the Economy of Kentucky and the Health of its Citizens

Dr. Eli Capilouto, President of the University of Kentucky (UK), testified about recent developments at UK. He said that UK was awarded a \$14.9 million contract from Patient-Centered Outcomes Research Institute to improve the quality of patient care in transition through a national, multi-institution partnership. This year the university experienced historic enrollment of 30,062 students, with the largest undergraduate African American, Hispanic, and international enrollment to date. The university reflects remarkable levels of academic quality and diversity.

Key areas of the institution's impact on the Commonwealth include a \$280 million investment that yielded a \$3 billion academic, research, service and health care enterprise. The university generates nearly \$80 million in state and local income tax, resulting in 5,000 additional jobs in health and research, and \$367 million in external grants that resulted in 9,427 new jobs. UK has self-financed \$1.3 billion of construction.

Dr. Capilouto said Kentucky has significant health disparities when compared to national levels. The state has unacceptable numbers of chronic, preventable disease. UK is uniquely positioned to serve the state with a physical presence in all 120 counties. It is one of eight institutions with programs in agriculture, pharmacy, engineering and medicine on a contiguous campus, and one of 22 institutions with NCI-designation, Clinical Translational Science Award and an Alzheimer's Disease Center.

Co-Chair Kerr said the legislature is available and prepared to act in whatever means are necessary in the event of an infectious disease crisis such as Ebola. Dr. Michael Karpf, Executive Vice President for Health Affairs, University of Kentucky, said the state and Fayette County health departments have been vigorously planning a response to an Ebola situation.

Dr. Karpf explained that, upon arriving at the university 11 years ago, careful consideration was given to the direction of the medical complex and critical success factors. The conclusion was to focus on advanced subspecialty care--something that only major academic medical centers can do. The

university worked with local regional providers from a public policy point of view as well as a business perspective. To be most effective, services should be provided on a local level from a medical and economic perspective. It was determined that critical success factors were efficiency, quality, and patient safety. Dr. Karpf said that, to be successful, UK must become a referral center for all of Kentucky and areas in West Virginia, Ohio, and eastern Tennessee. Over the past five years, the university has aggressively developed relationships with hospital systems and medical providers throughout these areas. The success is reflected in the number of annual discharges. The Case Mix Index from the Council on Teaching Hospitals indicates UK's patient population is among the sickest populations of any academic medical center in the country.

Dr. Karpf discussed the fiscal impact of UK Healthcare's expansion—a 95 percent increase in employee growth and 140 percent personnel expenses growth. UK should focus not only on its clinical program but on research as well, with emphasis on translational research. It must move the standard of care forward to offer cutting edge services when compared to the Mayo Clinic and Vanderbilt University. UK set out to have a National Cancer Institute-designated facility through facility enhancement and aggressive recruitment. In 2013, The Markey Cancer Center received a National Cancer Institute designation.

Dr. Capilouto said that Kentucky retained a top cancer research team that was prepared to leave the state, which would have taken with it \$17 million in federal support and teams of researchers. He said UK lacks adequate, modern space needed to recruit and retain the next talented team specializing in health disparity research.

Representative Stone said the UK Extension office has been helpful in bringing medical care to rural areas of the state. He commended Dr. Mark Evers for appearing before the Tobacco Settlement Oversight Committee and for the progress he is making.

Responding to Representative Stone's question, Dr. Karpf explained that the university has far exceeded initial projections in discharge increases. The current five year target is 40,000 to 42,000 discharges, making UK the 25th largest academic medical center in the country and the largest on a per capita basis.

Representative Palumbo noted the excellent care a family member recently received at the medical center.

Co-Chair Hall commended Dr. Karpf on his success at the University of Kentucky since his arrival.

Representative Denham expressed gratitude for the life-saving care he had received at the medical center.

In response to Representative McKee's question about in-state students, Dr. Capilouto said Kentucky requires all students to take the ACT. This also serves to measure the success of the state's education system. The UK College of Education's P-12 Lab assists school districts to improve learning. Kentucky and many states have seen a decrease in college-

age residents. Another factor affecting Kentuckians attending college is tuition cost. The university has had to increase the number of out-of-state students.

Representative Martha Jane King expressed pride that her son graduated from the University of Kentucky and the UK Medical School and is on staff to educate more doctors to serve in rural areas. In response to Representative King's question, Dr. Karpf said there are several rural area initiatives including the Saint Clair Hospital and Morehead State University's program for rural leadership and several family residency training programs.

Representative Stacy said that, during his time as a legislator, he has seen the University of Kentucky become relevant statewide because of its outreach. The university is putting resources where they are most needed. He commended Dr. Karpf's work with the medical center and its success.

Responding to Representative Marzian's question, Dr. Capilouto said multiple interventions are necessary to lower smoking rates in Kentucky.

Responding to Representative Riner's question, Dr. Capilouto said prevention is the key to stopping Ebola; however, influenza is more of a concern. Dr. Karpf said it is important to follow public health measures as diligently as possible to limit the number of people infected with Ebola. The four hospital research facilities currently able to treat Ebola patients are specifically set up to handle unusual, level-four contagious diseases. While UK is as prepared to handle complex patients, it would require significant funding to become a level four facility.

Workforce Investment Update

Commissioner Beth Brinly, Department of Workforce Investment, Kentucky Education and Workforce Development Cabinet, gave an update on workforce investment in the state.

Commissioner Brinly said that the goal for the Department of Workforce Investment is to enhance the lives of Kentuckians by building a talent pipeline that will promote economic growth by combining workforce, education, and economic development methods that will increase continuous labor market progression. There is an educational gap for new jobs among the workforce in Kentucky with 49 percent of the workforce obtaining at least a high school diploma and 38 percent of new jobs requiring at least that amount of education. The demand for jobs that require some college education or an associate's degree is 34 percent with only 28.4 percent acquiring that amount of education. A bachelor's degree is required for 20 percent of new jobs with only 13.3 percent with that educational achievement within the workforce. About nine percent have obtained post-baccalaureate degrees, and about eight percent of new jobs require a post-baccalaureate degree.

One way to address the undersupply of individuals with the adequate education to meet the demand of new jobs is to strengthen the talent pipeline. Through assessment counseling and support services, team case management, and training and education, the Department of Workforce Investment intends to strengthen five statewide career sectors that will improve the state's economic development: energy creation and transmission; health care and social assistance; business services and research

and development; transportation, distribution, and logistics; and automobile and aircraft manufacturing. There are 11 regional-based areas that include such areas as the coal and agriculture industries.

The federal Workforce Innovation and Opportunity Act (WIOA) passed in July 2014. In July 2015, a majority of that law will go into effect with the remainder going into effect July 2016. There are four main tenets of the WIOA, including a streamlined workforce development system, greater value, better coordination, and improved outreach to disconnected youth. The workforce development system will be more customer-driven, and the number of people who serve on state and local workforce investment boards will be reduced. Steps will be taken to ensure that investments are actually effective, such as accountability procedures through annual reports for the state and local workforce investment boards. Better coordination will be achieved with local boards having joint administration costs, infrastructure costs, and regional planning. Certification of the local workforce investment areas will be based on management and performance and will also depend on regional collaboration. There will be improved outreach to disconnected youth through the allotment of funds going from 30 percent with the previous legislation to 75 percent under the WIOA. With the passing of the WIOA, disconnected youth will be reached through high school dropout recovery initiatives, programs like Accelerating Opportunity, and programs that will concentrate on individuals with disabilities entering the workforce.

The state and local workforce investment boards will see significant changes under the Workforce Innovation and Opportunity Act. Customers will make up a majority of the boards with members now including employee advocates, individuals from labor management councils, apprenticeship training coordinators, and representatives for individuals with disabilities. The boards will play a bigger role in employer engagement by being responsible for knowing what is needed in their particular areas' job markets and being responsible for selecting the service providers for their areas.

The three main areas of importance of the introduction of the WIOA for the Department of Workforce Investment are increased partnerships, work-based learning, and integrated education and training. Another significant component of the new legislation is the ability to allocate funds from adult categories of service to dislocated workers, such as those workers in eastern Kentucky affected by the coal mine losses. Regular funds will be able for incumbent worker training, which can eventually result in job creation of entry level positions in the workforce.

There will be increased partnerships under WIOA through High Impact Workforce Investment Boards, sector strategies, industry partnerships, career pathways, and an entrepreneurship partnership with the Kentucky Cabinet for Economic Development. There will continue to be a support for work-based learning programs focusing on apprenticeship, such as the TRACK program, earn and learn opportunities, high school outreach, and real world education and training. Integrated education and training

will be achieved through the WIOA by programs such as Accelerating Opportunity and offering the opportunity for individuals to earn National Career Readiness Certificates.

The strategic plan for the WORKSmart program was updated in August 2013 after 22 of 25 action items were either put into effect or are in progress. One program underway is the Kentucky Career Center Network, which offers career counselors, workshops, and resources that are available locally. Also accessible are innovative job matching methods, such as individuals that apply for unemployment being alerted of job openings that require their particular skill set. There is also the Kentucky Skills Network, which is a collaboration involving the Kentucky Education and Workforce Development Cabinet, the Kentucky Cabinet for Economic Development, the Kentucky Community and Technical College System (KCTCS), and the Kentucky Labor Cabinet. This network efficiently works together to address the needs of businesses, companies, and industries by providing them with sector strategies, resources to strengthen their pipeline, and tactical planning for providing them with necessary resources. Commissioner Brinly noted the Work Ready Communities program, which gives individual counties the chance to cooperatively and methodically assist with economic and workforce development through soft skills development, National Career Readiness Certificates, digital literacy, and community involvement.

Commissioner Brinly discussed the National Governors Association Policy Academy on the Talent Pipeline, which made Kentucky one of 14 states to be chosen to participate in sharing ideas with other states regarding strategies and procedures. The four main areas are the vision, data analysis, partnerships, and resources and incentives. The vision is to utilize systematic planning with various partner agencies to expand the Work Ready Communities in the state, provide updates on the talent pipelines, and introduce Focus Explorer, which will be an online career counseling tool. Data analysis will be performed for the workforce, job training, and vocational rehabilitation to ensure that newly established programs are effective. Partnerships through the Kentucky Skills Network will be utilized as well as a partnership with the Kentucky FAME program, which uses training similar to that of an apprenticeship that can aid in producing adept workers for the state's talent pipelines. Resources will be reallocated to different areas to make certain the vision is being achieved and to utilize funds that are needed for collaborative initiatives among agency partners.

Representative Palumbo commended Commissioner Brinly for using the phrase "family sustaining wages" during her presentation when referring to the segment on the National Governors Association Policy Academy on the Talent Pipeline and challenges faced in the state.

In response to Senator Wilson, the commissioner stated that the chief elected officials of workforce investment areas will be able to choose, competitively obtain, or maintain the fiscal agent for their area. She reiterated that the Workforce Innovation and Opportunity Act will go into effect

July 2015. She stated that, after an audit of one of the workforce investment areas was performed and after a meeting with the chief elected official, the local board, and the fiscal agent, an action plan was developed and implemented when it was approved by the U.S. Department of Labor. Commissioner Brinly discussed how an area can be deemed an economic region. The law currently requires that all county judge executives agree upon whether an area can be considered its own economic area.

Senator Higdon expressed his appreciation for Commission Brinly and the great work that she has been doing. He said that he was pleased with Work Ready Communities program and the work-based learning programs.

Addressing a question posed by Representative Jenkins, Commission Brinly said that, through adult education programs such as Accelerating Opportunities and career counseling programs, individuals will be able to learn skills that will make them successful members of the workforce. She stated that the agency is aware that individuals with felonies are limited in career paths, but options concerning the juvenile justice system are being considered after the review of a program in New York.

Responding to Representative Thompson and his comments about the Close the Deal program, the commissioner stated that the program is needed for high students and their parents to be informed about resources and the necessary steps to be taken by a high school graduate to transition to college.

Representative Pullin complimented Commissioner Brinly and the Department Workforce Investment for their efforts to adjust to the Workforce Innovation and Opportunity Act.

Other Business

Co-Chair Kerr said the next meeting of the Interim Joint Committee on Economic Development and Tourism will be at 1 p.m. on November 20 in the Capitol Annex.

There being no further business, the meeting was adjourned.

INTERIM JOINT COMMITTEE ON EDUCATION

Minutes of the 5th Meeting of the 2014 Interim

October 13, 2014

Call to Order and Roll Call

The 5th meeting of the Interim Joint Committee on Education was held on Monday, October 13, 2014, at 10:00 AM, in Owensboro, Kentucky. Representative Derrick Graham, Co-Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Mike Wilson, Co-Chair; Representative Derrick Graham, Co-Chair; Senators Joe Bowen, David P. Givens, Jimmy Higdon, Stan Humphries, Alice Forgy Kerr, Reginald Thomas, and Johnny Ray Turner; Representatives Jeffery Donohue, C.B. Embry Jr., Kelly Flood, Jim Glenn, Richard Heath, Joni L. Jenkins, James Kay, Brian Linder, Mary Lou Marzian, Jody Richards, Tom Riner, Rita Smart, Wilson Stone, David Watkins, and Jill York.

Legislative Guests: Representatives Jim Gooch

Jr., Suzanne Miles, Arnold Simpson, and Tommy Thompson.

Guests: Allyson Shelton, Kentucky Head Start Association; Peggy Grant, Kentucky Head Start Association; Clyde Caudill, Kentucky Association of School Administrators; Steve Loyah, Atmos Energy; Al Mattingly, Daviess County Judge Executive; Erin Klarer, Kentucky Higher Education Assistance Authority; and Ashley Parrot, Education Workforce and Development Cabinet.

LRC Staff: Jo Carole Ellis, Joshua Collins, and Daniel Clark.

Approval of the September 8, 2014, Minutes

Upon motion from Representative Jody Richards, seconded by Senator Mike Wilson, the September 8, 2014, minutes were approved by voice vote.

Welcome

Al Mattingly, Daviess County Judge Executive, welcomed the committee and thanked the members for coming to Owensboro. He said that Owensboro has formed a regional alliance for education and work with the surrounding counties, local colleges, and schools to better prepare students for the future.

Representatives Jim Glenn, Tommy Thompson, Suzanne Miles, Jim Gooch, Jr., and David Watkins and Senator Joe Bowen welcomed and thanked the committee members for attending the meeting. The legislators thanked Chairman Derrick Graham and the Legislative Research Commission for allowing the meeting to take place in Owensboro.

Reverend Larry Hostetter, President, Brescia University, welcomed and thanked the committee members for the work done in education and for their support of teachers across the state.

Dr. Nicholas Brake, Superintendent, Owensboro Public Schools, welcomed and thanked the committee members for attending the meeting and for how hard they work to support the children of Kentucky, especially in Owensboro.

Barton Darrell, President, Kentucky Wesleyan College, welcomed and thanked committee members for attending meeting.

Owensboro Community and Technical College

Jim Klauber, President, Owensboro Community and Technical College (OCTC), said OCTC's four main focus areas are cost, convenience, quality, and careers. OCTC is an open enrollment institution that tries to keep tuition at a minimum. For fall 2013, in three of the seven high schools OCTC served, OCTC enrolled over 50 percent of their college-bound graduates. In the other four high schools, OCTC was the plurality leader. OCTC is close to home for a lot of the students who are enrolled and put education into a format that students want and need to meet their schedule with no hassle. Also, OCTC offers a quality curriculum with nationally accredited or recognized programs that are aligned with the needs of the community and the workforce to better prepare the students for the future.

Dr. Klauber said since 2010, there has been a lot of change at OCTC, especially in the Automotive and Diesel Program. In July 2010, the Automotive and Diesel Program had lost its accreditation, there was no curricular alignment, 85 percent of students

were high school students who did not want to pursue a career in the field, and facilities were neglected with no motivation by faculty to improve them. As of 2014, OCTC has radically changed the southeastern campus and the Automotive and Diesel Program has become an accredited program with award winning faculty. It is also a top 20 finalist for the 2014 Tomorrow's Tech School of the year.

Dr. Klauber said the Common Reading Program at OCTC is 10 years old and reaches out to all the other programs in OCTC. It is also tied with the Global Studies Program. The endowment of this program will forever tie the College of Humanities activities in Owensboro and engage the students like never before.

Dr. Klauber said OCTC's Veterinary Technology Program started this year and is the only two-year program of its kind in Kentucky. Veterinary Technology is one of the fastest growing jobs in the United States, and it has significant agricultural implications in Kentucky. This program is a pathway to a bachelor's degree and beyond at other four-year institutions.

Dr. Klauber said the Healthcare Facilities Leadership Program originated in Owensboro and was requested by Owensboro Health. The American Society for Healthcare Engineering and the Kentucky Society of Healthcare Engineers provided \$35,000 each to help start this program and pay the instructors' first-year salary. The program was approved in the spring of 2014 and is the first in the United States. The classes are all online, and OCTC is pursuing articulation agreements with Purdue, Texas A&M, University of Houston, Brigham Young University, Western Kentucky University, and Champlain College.

Dr. Klauber spoke about different careers and said OCTC, along with other postsecondary institutions, must align offerings with the needs of the community, region, and Kentucky. In the past five years, OCTC has started seven new programs and has closed five programs in the past three years. The programs that closed were not meeting the needs of the local economy. Most all of OCTC programs provide a pathway to a bachelor degree, internship opportunities, and numerous transfer options.

Senator Joe Bowen commended Dr. Klauber and OCTC for the work they do and said the Automotive and Diesel Program at OCTC is a great program and has a wonderful facility.

Senator Reginald Thomas said he admires Dr. Klauber's passion and enthusiasm for his job. He also said that the success of the Automotive and Diesel Program at OCTC is very timely considering Kentucky will soon be second in the nation in manufacturing automobiles.

In response to Senator Reginald Thomas's question regarding the Healthcare Leadership Program, Dr. Klauber said it is an online program available at OCTC.

In response to Senator David Givens' questions regarding the opening and closing of programs at OCTC, Dr. Klauber said OCTC closed the programs that were dying out and were not competitive in the local community's workforce. He said there needs to be a constant dialogue between the Council on

Postsecondary Education and the General Assembly since the General Assembly sets the strategic plan for two- and four-year institutions.

In response to Chairman Derrick Graham's question regarding certified builders in the build and trade industry, Dr. Klauber said there are regular discussions about building construction but there is no place for a two-year degree in building construction in Kentucky because there is no requirement for a builder's contract or contractor's license.

Kentucky Head Start Programs

Allyson Shelton, Executive Director, Kentucky Head Start Association, said Head Start began in 1965 as an eight-week summer program for preschool children from low-income families. Since then, Head Start has become the country's premier preschool program. Head Start focuses on school readiness and takes a comprehensive approach for the child and family. Kentucky has 32 Head Start programs with a total enrollment of 21,046 children. Kentucky Head Start programs partner with the Governor's Office of Early Childhood, Cabinet for Health and Family Services, and the Department of Education.

Ms. Shelton said Head Start and Early Head Start's quality is the highest in the nation with continuous quality improvement efforts, designated and individualized curriculum, and optimal levels of teacher/child interactions. Also, families who participate in Head Start are more likely to invest time and literacy activities with their children, both while enrolled and years after their children graduate from the program. A child who attends Head Start is less likely to need special education services or engage in unhealthy behaviors and is more likely to achieve success in school and life.

Peggy Grant, Director, Audubon Area Head Start (AAHS), said the Audubon Area Community Services Head Start Program is located in Owensboro and serves 16 different counties across western Kentucky. The program was a National Center of Excellence in 2010 and has been named a National Program of Excellence by the National Head Start Association since 2002. All of the teachers in the AAHS program have an early childhood degree and, the program serves over 2,500 low-income children.

Ms. Grant said school readiness is permeated throughout Head Start, Early Head Start, and Migrant Head Start and AAHS collaborates with multiple local community partners to ensure over 2,000 preschool children are ready for kindergarten. The program also helps prepare over 400 Early Head Start parents of infants and toddlers to value education and start early preparation for kindergarten.

Ms. Grant said since AAHS has become a National Center of Excellence, AAHS has been able to guide other Head Start programs in successful collaboration with school districts and child care. Also, AAHS has been able to disseminate research-based preschool teaching practices across the nation to early childhood educators at local, state, and national conferences, as well as provide onsite training.

Ms. Shelton said there are 101,000 children from ages zero to five living in poverty in Kentucky. There are 203,903 children in Kentucky who potentially need early care and education. Early childhood education should be a priority in Kentucky. There

needs to be support of early childhood stakeholders for their efforts to collaborate and combine resources, use local data to guide decision-making about Head Start programs, support early care and education initiatives for professional development opportunities and education, and recognize the economic impact of Head Start in Kentucky.

Chairman Derrick Graham praised Governor Steve Beshear and First Lady Jane Beshear for making early childhood education a top priority in Kentucky.

In response to Senator Jimmy Higdon's question regarding collaboration with local school systems, Ms. Shelton said Kentucky Head Start programs are prepared to collaborate with any local school system.

In response to Representative Rita Smart's questions regarding examples of changes and goals Head Start makes for families, Ms. Grant said the Dialogical Reading Program is a reading program where parents read with their children daily and has produced positive results for parents and children.

In response to Representative Jim Glenn's question regarding the percentage of Head Start students ages zero to five living in poverty in Kentucky, Ms. Shelton said Head Start serves about 20 percent of children up to age five living in poverty.

Representative Mary Lou Marzian thanked the presenters for their passion for the young children of Kentucky and said it is disappointing that the General Assembly does not invest more money in early childhood education.

Chairman Derrick Graham said educators have an obligation to focus on excellence for the children of Kentucky and to make sure the children are served in the highest capacity.

Representative James Kay thanked the presenters for their presentation and said it is lawmaker responsibility to make lives better for people of Kentucky. It starts by teaching children at birth and investing funds in early childhood education.

Senator Alice Forgy Kerr talked about her experiences as a social worker aid and classroom aid with Kentucky Head Start.

With no further business before the committee, the meeting was adjourned at 12:10 p.m.

SPECIAL SUBCOMMITTEE ON ENERGY

Minutes of the 5th Meeting of the 2014 Interim

October 17, 2014

Call to Order and Roll Call

The 5th meeting of the Special Subcommittee on Energy was held on Friday, October 17, 2014, at 9:30 AM, at the Russel Acton Folk Center, Berea. Senator Jared Carpenter, Chairman, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Jared Carpenter, Co-Chair; Senators Jimmy Higdon, Ray S. Jones II, Brandon Smith, and Katie Stine; Representatives Rocky Adkins, Dwight D. Butler, Tim Couch, Keith Hall, Sannie Overly, Tom Riner, John Short, and Brent Yonts.

Guests: Berea Mayor Steven Connelly, Ed

Fortner, Jr., Berea Municipal Utilities and Brian Kiser, Commonwealth Office of Broadband Outreach and Development.

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

Mayor Connelly welcomed the committee and gave an overview on the history of Berea. Berea College began providing water to the city in 1904 and electricity in 1917. In 2005, the city purchased the water and electric system from the college. The money generated from utilities is segregated from the general fund and used to pay bonded debt, make improvements to utility infrastructure, and keep rates low. The Berea Utility Advisory Board obtained a Department of Local Government energy efficiency and conservation block grant to fund phases I and II of the solar farm. The farm consists of 246 panels totaling 60 kw power. The utility customers lease the solar panels at a onetime cost of \$750 for a 25 year term. Each lessee receives a credit every billing period for the wholesale value of the electricity generated by the panels. In July, the farm added 126 more panels. The farm has produced 103,780 kw hours of electric power creating \$7,369 of credits for customers. Customers can donate their credits to a church or school in the service area. The solar panel farm is Berea's way of being good stewards of the environment and good trustees of the local utility company.

Adding Solar to Utilities' Power Resources

Mr. Ed Fortner, Jr., Director, Berea Municipal Utilities (BMU) stated that BMU is a water, sewer, and electric utility and member of the Kentucky Municipal Utilities Association (KMUA). The goal is to supply reliable electric service at reasonable rates. BMU purchases most of its power from Kentucky Utilities under a wholesale arrangement. There are nine municipals that have recently indicated that they will terminate their contracts to purchase wholesale power from Kentucky Utilities. The municipals are actively pursuing other power alternatives and would like for the General Assembly to consider enabling legislation allowing them to form a joint action group. The group could help the municipals overcome the hurdles of intergovernmental agreements, which can be cumbersome and difficult to work around. There are 47 KMUA members, and all support the proposed legislation.

Another big project is the Owsley Fork Dam upgrade. Due to development occurring below the dam it has been reclassified as a high hazard dam. Mr. Fortner said that BMU has found that the construction criteria are outdated and would like the General Assembly to consider new legislation that might be proposed.

In response to Chairman Carpenter, Mr. Fortner said the goals of using solar panels are to help customers save money and help the environment.

In response to Representative Rocky Adkins, Mr. Fortner said that Phases I and II of the solar panel installation began in 2011 and Phases III and IV were just completed. BMU went through local government for the federal block grant. He said that the cost for Phases I and II was approximately \$125,000, and the cost for Phases III and IV was \$80,000. Even though

BMU purchases power from Kentucky Utilities, it cannot sell back excess generation to KU.

In response to Chairman Carpenter, Mr. Fortner said that Owsley Fork Lake holds approximately 650 million gallons of water. The new proposed construction on the dam involves raising the dam and capturing more water.

Broadband Speed and Access in Kentucky

Mr. Brian Kiser, Commonwealth Office of Broadband Outreach and Development, explained that the office is involved with broadband mapping of access and availability, broadband advocacy and advising in Frankfort, establishing state-wide broadband policy, and directing and facilitating access to broadband resources. Access, awareness, adoption, and affordability are struggles for broadband in Kentucky. People are not aware of the positive benefits of broadband, and affordability is a problem because of the high number of low income citizens. Kentucky has 18 urban counties and 102 rural counties. About 1.5 percent of the urban area is without access to broadband versus 23 percent of the rural population. The average broadband speed nationally is 10 Mbps while Kentucky's average speed is 7.3 Mbps. Kentucky has limited high capacity fiber or copper. Louisville, the state's largest city, lags behind.

In response to Representative Adkins, Mr. Kiser said that he has talked to representatives of Foothills about a fiber to the home project. There are pockets of fiber but it is very expensive to get a pipe in. He will also talk to Mountain Rural Telephone.

Mr. Kiser said that Kentucky's access numbers have improved by four percent from 2010 through 2014, and the adoption rate has increased nine percent. As for affordability, an Mbps cost \$5.48 in 2010 and costs \$3.95 in 2014. Kentucky still ranks 39th in price. Current efforts include: The Commonwealth Healthcare Network Fund, Next Generation Kentucky Information Highway, eLearning and Internet Access Centers, FirstNet and Adoption Program for 13 east Kentucky counties.

In response to Chairman Carpenter, Mr. Kiser said the Next Generation Kentucky Information Highway will help improve internet speed. The timeline for the Next Generation is 18 to 24 months. His office is working with broadband companies to make policies that will allow for investments and incentives.

There being no further business, the meeting was adjourned.

INTERIM JOINT COMMITTEE ON HEALTH AND WELFARE

Minutes of the Fourth Meeting of the 2014 Interim

September 17, 2014

Call to Order and Roll Call

The fourth meeting of the Interim Joint Committee on Health and Welfare was held on Wednesday, September 17, 2014, at 10:00 a.m., at the Foundation for a Healthy Kentucky, 1640 Lyndon Farm Court, Suite 100, Louisville, Kentucky. Senator Julie Denton, Co-Chair, called the meeting to order at 10:06 a.m., and the secretary called the roll.

Present were:

Members: Senator Julie Denton, Co-Chair; Representative Tom Burch, Co-Chair; Senators Joe Bowen, Tom Buford, Perry B. Clark, David P. Givens, Denise Harper Angel, Jimmy Higdon, and Reginald Thomas; Representatives Julie Raque Adams, Robert Benvenuti III, Bob M. DeWeese, Kelly Flood, Tim Moore, Darryl T. Owens, David Watkins, Russell Webber, and Susan Westrom.

Guests: Susan Zepeda, PhD, CEO, and Doug Hogan, Foundation for a Healthy Kentucky; Rick Clewett; Maria Koetter, Director of Sustainability, Louisville Metro Government; Susan Bush, Head of Environmental Planning, Lexington; Jamie Ennis Bloyd, mother of child with Burkitt's Lymphoma; Dr. John Perentesis, MD, Cincinnati Children's Hospital Medical Center; Dr. John A. D'Orazio, MD, PhD, University of Kentucky; Dr. Ken Lucas, MD, Norton/Kosair/University of Louisville; Kraig E. Humbaugh, MD, MPH, Senior Deputy Commissioner, Department for Public Health, and Colleen Hagan, Legislative Director, Cabinet for Health and Family Services; Jackie Richardson, Executive Director, Commission for Children with Special Health Care Needs; Michelle Sanborn, Children's Alliance; Beverly and Larry Ennis; Cindy Murray, Jeff Schnobrich, Sheila Hardy, and Jay Hartz, Legislative Research Commission; Bryan Sunderland and Ashli Watts, Kentucky Chamber of Commerce; Steve Houghland and Shane Hall, Passport Health Plan; Ellen Kershaw and Heathe Wehrem, American Lung Association; Donna Mullins, Office of Health Policy, Cabinet for Health and Family Services; Marie Cull, Cull & Hayden; Mary Corbett and Talley Russell, Norton Healthcare; Tonya Chang, American Heart Association; Debby Phillips and Shane Stuber, Leukemia & Lymphoma Society; Eric Clark, Kentucky Association for Health Care Facilities; Max Wise and Carter Wise; Betsy Jones, Smoke-free Kentucky; Jill Lee and John McGuire, Kentucky Inspector General's Office; Justine O'Flynn; Kosair Children's Hospital; Bart Baldwin; Steve Bing, Kentucky Local Health Department Association; Jackie Richardson, Commission for Children with Special Health Care Needs; Allyson Taylor; Sheila Schuster, Kentucky Mental Health Coalition; Sarah S. Nicholson, Kentucky Hospital Association; David Bolt; Cara Stewart, Kentucky Equal Justice Center; Pam Jenkins, Baptist Health/Kentucky Blood Center; and Bob Babbage.

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

Approval of the Minutes

A motion to adopt the minutes of the August 4, 2014 meeting was made by Senator Harper Angel, seconded by Representative Burch, and adopted by voice vote.

Legislative Hearing on Executive Order 2014-618 relating to Advisory Council on Autism

A motion to accept Executive Order 2014-560 was made by Senator Clark, seconded by Representative Burch, and approved by voice vote.

Consideration of Referred Administrative Regulations

The following administrative regulation were available for consideration and placed on the agenda, having been referred to the Committee on

September 3, 2014, pursuant to KRS 13A.290(6): 900 KAR 6:030 – provides for the adjustment of expenditure minimums for capital expenditures and major medical equipment; 900 KAR 6:125 – establishes the requirements for submission of annual survey data to the Cabinet for publication of the orderly administration of the Certificate of Need (CON) Program; 902 KAR 55:045 – exempts prescription products from the licensing, distribution, recordkeeping, and reporting provisions of KRS Chapter 218A if the products have received approval as an exempt prescription product pursuant to 21 C.F.R. 1308.32; 902 KAR 55:090 – exempts certain anabolic steroid products from the licensing, distribution, recordkeeping, and reporting provisions of KRS Chapter 218A if the products have received approval as an exempt anabolic steroid product pursuant to 21 C.F.R. 1308.34; and 902 KAR 95:040 – establishes general requirements for the certification of individuals who perform radon measurement, radon mitigation, or laboratory analysis. A motion to adopt the administrative regulations as amended was made by Senator Clark, seconded by Representative Burch, and adopted by voice vote.

Pediatric Cancer Awareness

Jamie Ennis Bloyd, mother of child with Burkitt's Lymphoma, stated that on March 3, 2014, her son, Paxton, was diagnosed with stage 4 Burkitt's lymphoma, but with treatment, is now a cancer survivor. Children should not have to think about death. There is a need for more awareness of childhood cancer. The Kentucky budget reflects priorities by spending \$10 million for inmates' dental care, but none for pediatric cancer. Funds need to be allotted for pediatric cancer in the budget. Everyone needs to work in collaboration to find a cure for pediatric cancer.

Dr. John Perentesis, MD FAAP, Professor & Kleinsinger Chair for New Cancer Treatments, Chief of Oncology, Cincinnati Children's Hospital Medical Center, stated that cancer is the leading cause of disease-related death in children. The impact of curing childhood cancer has dramatic effects. The average age of a child diagnosed with cancer is six years old, and the average number of years lost to cancer is 71. The average age for an adult diagnosed with cancer is 67, and the average number of years of life lost to cancer is 15. Progress in childhood cancer has been the result of federal funding and a collaborative national network between the National Cancer Institute Consortium and the Children's Oncology Group. Federal funding for cancer research and new treatments is 4 percent for pediatric cancer, and 96 percent for adult cancer. Progress in curing childhood cancer has stalled and funding has been cut. Even when therapy works well, it is not easy on the patient. There needs to be a better approach to research. Regional children's hospitals strive to advance a new model for collaboration and research advances.

The Cincinnati Children's Hospital is one of the largest pediatric health systems with approximately 600 registered beds and more than 1.1 million patients in 2013. The hospital is a high technological research and development non-profit focused on improving child health. There are 3,740 research employees

employed at the hospital and over 2,200 Kentuckians. The Cincinnati Children's Hospital and the Cancer/Blood Institute (CBDI) are two institutions working as one. CBDI has a \$500 million budget, 900 employees, one of the nation's top three pediatric cancer and marrow transplant centers, largest center for new anticancer drugs in children, and an international referral center for complex pediatric cancer. The hospital's dual mission in cancer is to deliver outstanding cancer care to the community and develop transformative global leading research and new therapies for children and young adults with cancer. Genomic-targeted molecular pediatric cancer therapies are personalized to improve chances of a cure. Next generation targeted radiation therapies and new engineered immune cells for children to target leukemia, cancers, and infection are being developed. Large pharmaceutical companies are not developing drugs for children, but the hospital's cancer program is using molecular modeling to design new targeted drugs for childhood cancers. Cincinnati Children's Hospital, Kosair Children's Hospital and Norton Healthcare have extraordinary and unique technologies, expertise, and opportunities for continued national leadership in childhood cancer. New opportunities include integrated research in the genomics mechanisms causing pediatric cancers, development of new targeted therapies, and an expanded collaborative network bringing research advances to the bedside of children in all three hospitals.

In response to a question by Representative Benvenuti, Dr. Perentesis stated that the challenge is getting federal government support and funding for pediatric cancers. Expanding regional collaboration would allow the best use of resources for care.

In response to a question by Representative Webber, Dr. Parentesis stated that research is being conducted to understand why pediatric cancer is increasing.

In response to a question by Senator Buford, Dr. Parentesis stated that there is a need to educate the public about childhood cancer and available treatments.

In response to a question by Senator Denton, Dr. Perentesis stated that because pharmaceutical companies are under pressure to make money, developing drugs for the treatment of pediatric cancer is not a high priority.

In response to a question by Representative Burch, Dr. Perentesis stated that if the federal government withdrew cancer funding it would be devastating. Much current research in the United States would collapse, and there is a need for more research to be conducted in the United States.

Dr. John A. D'Orazio, MD, PhD, University of Kentucky, stated that cancer is the leading cause of death by disease in childhood. Cancer is the most curable chronic disease in children. Less than 10 percent of cancer patients could be saved 50 years ago, now approximately 80 percent of all pediatric cancer patients are long-term survivors. One of every 1,000 individuals in the United States is a pediatric cancer survivor. In the United States, there are approximately 15,700 new patients under the age of 20 diagnosed every year. Every day

42 children are newly diagnosed with cancer and 40,000 children are treated for cancer each year. The average age of a cancer patient is six years old. Types and distribution of cancers are different than adult cancers. Treatment for pediatric cancer is more intensive, and often requires frequent inpatient stays. Fortunately, children tolerate this intensive treatment better than adults. In general, pediatric cancer is more curable. Treatment for childhood cancer involves a surgically-placed semi-permanent IV, chemotherapy, duration of therapy ranges from several weeks to several years, multiple hospitalizations, blood tests, blood transfusions, antibiotics, and certain high-risk patients require bone marrow transplantation.

Leukemia patients require up to 25 spinal taps. Pediatric cancer treatment requires a collaborative effort consisting of doctors, nurses, parents, specialists, and many more. It is estimated that less than one in ten patients have a clearly defined predisposing risk factor. The incidence rate for childhood cancer is slowly increasing. More research needs to be done regarding the cause and possible prevention of childhood cancer. Over half of pediatric cancer patients participate in clinical trials compared with less than 5 percent of adults. The University of Kentucky participates nationally in the Children's Oncology Group and regionally in the Advanced Clinical Trials Network. The university is initiating trials for teenagers and young adults with cancer in collaboration with University of Kentucky's Markey Cancer Center. The Markey Cancer Center has achieved the NCI Comprehensive Cancer Center status.

Additional areas of research interest include the management of obesity, focus on the genetics of cancers that seem over-represented in our population, and UV safety and melanoma prevention. The mission of the university's Pediatric Hematology and Oncology is to provide high quality medical care for the children of central and eastern Kentucky, and integrate with other centers for ultra-specialized treatments such as bone marrow transplants. Private organizations such as DanceBlue's participation in funding raisers help with basic and clinical social workers, child life specialists, and school intervention specialists. Great advances have been made in pediatric oncology that will have a substantial long-term impact, but more research needs to be conducted regarding the cause and possible prevention of childhood cancer.

Dr. Ken Lucas, MD, Norton/Kosair/University of Louisville, stated that the mission of the University of Louisville's Division of Pediatric Hematology/Oncology is to provide the highest quality of care for patients and families that are being treated for disorders within the realm of pediatric hematology/oncology close to home. The mission of Kosair Children's Hospital is to provide quality health care to all those served, in a manner that responds to the needs of the communities and honors the hospital's faith heritage. Collaboration between the University of Louisville's Division of Pediatric Hematology/Oncology and Kosair Children's Hospital provide a comprehensive approach in the care and treatment of the pediatric hematology/oncology patient and their families. Infrastructure of the delivery system consists of clinical division with a strong academic

and research focus, and service line model. The Pediatric Stem Cell Transplant Program is a comprehensive program to treat children with blood disease or cancer in order to provide state of the art care in an environment designed for the pediatric patient. The program is accredited by the Foundation for the Accreditation of Cell Therapy (FACT). The few expansions of the program have doubled the number of clinical faculty, doubled the number of stem cell transplants, and expanded the criteria for potential stem cell transplant candidates. The goal is to insure the availability and access to the state of the art care in the treatment of pediatric cancers, which must be one of the essential health care services available to the children of the Commonwealth of Kentucky. The University of Louisville's Division of Hematology/Oncology and Kosair Children's Hospital will continue to strive to provide the highest quality of care for the patients and families.

In response to questions by Representative Westrom, Dr. D'Orazio stated that it is an achievement to earn the NCI Comprehensive Cancer Center status based on research. The recognition provides some federal funding and increases the competitive ability to hire staff. Dr. Lucas stated that a cancer patient should never smoke after cancer treatments.

In response to a question by Senator Givens, Dr. Lucas stated that the Children's Oncology Group is a collaboration of cancer facilities. A child stays on the same protocol in all the hospitals. Dr. D'Orazio stated that cancer specialists are scattered between hospitals. There is a challenge to offer treatment as close to home as possible unless a specialist in another hospital can provide the needed treatment to prevent a hardship on the family. Dr. Perentesis stated that pediatric oncology as an area of medicine is not as competitive as adult oncology. There are 1,000 pediatric oncologists nationwide.

In response to a question by Representative Burch, Dr. Perentesis stated that he would recommend that a child get the HPV vaccine to help prevent cancer.

In response to a question by Representative Flood, Ms. Bloyd stated that \$10 million would be a good place to begin to fund pediatric cancer in Kentucky.

Update on the Incidences of HIV/AIDS Cases in Kentucky

Kraig E. Humbaugh, MD, MPH, Senior Deputy Commissioner, Department for Public Health, Cabinet for Health and Family Services, stated that deaths among HIV disease cases have decreased since 1983. In Kentucky, approximately 6,000 individuals are living with HIV, and they are living longer because of improved medical therapies. Name based reporting was introduced in 2004. Approximately half of the HIV cases are in the Louisville Metro area. HIV disproportionately affects minorities and young adults. Kentucky statistics show that 38 percent of the new HIV cases were African American, 5 percent were Hispanic, and 53 percent were Caucasian. Kentuckians in their 20s, 30s, and 40s had higher percentages of diagnoses compared to their respective populations. In 2012, data show that less than 1 percent of Kentuckians younger than 13 were diagnosed with HIV. Fewer babies are born

with HIV because the medications that can be taken by pregnant women have improved.

Kentucky HIV transmission categories include heterosexual females, men having sex with men who are intravenous drug users, other intravenous drug users, and men having sex with men without being intravenous drug users. Data from 2003 to 2012 show that 27 percent of the 3,339 Kentuckians diagnosed with HIV were also diagnosed with AIDS. Over 2,000 Kentuckians are unaware they have HIV because they have not been tested and diagnosed. As of January 1, 2013, the Department for Medicaid Services reimbursed for routine HIV screening of adults aged 15 to 65 regardless of risk in Kentucky. The Centers for Disease Control and Prevention (CDC) and the United States Preventive Services Task Force recommend that adolescents, adults, and pregnant women be screened for HIV, regardless of the risk. As of July 2013, Kentucky's HIV testing laws were consistent with CDC's 2006 HIV testing recommendations. CDC recommends that individuals between 13 and 64 years be tested for HIV.

As of July 2013, Kentucky did not require reporting of all CD4 and viral load results, including undetectable results, for surveillance purposes. CD4 and HIV viral load data are critical to the medical care and health of people living with HIV. With expanded rapid testing, there is an opportunity to help more Kentuckians know their HIV status and link to care earlier. The linkage-to-care successes are tracked by the HIV/AIDS Branch in the Department for Public Health. The Kentucky AIDS Drug Assistance Program (KADAP) and the Kentucky Health Insurance Continuation Program (KHICP) are managed by the Department for Public Health and are the payors of last resort for HIV-positive Kentuckians who meet the financial and residency eligibility criteria. With the implementation of Medicaid and qualified insurance plans available through kynect, more individuals are transitioning from KADAP to comprehensive health insurance that includes preventive treatments. Statistical reports can be located on the HIV/AIDS Branch web site at <http://chfs.ky.gov/dph/epi/HIVAIDS/surveillance.com>.

In response to questions by Senator Denton, Dr. Humbaugh stated that minorities and blacks have a higher percentage of HIV because of high risk factors such as men having sexing with men and intravenous drug use. The Kentucky Health Insurance Continuation Program (KHICP) is a payor of last resort for HIV-positive Kentuckians who meet the financial and residency eligibility criteria. The department receives \$5 million from the federal government and rebates from drug companies for HIV/AIDS expenses.

In response to a question by Senator Givens, Dr. Humbaugh stated that the department does not have statistics that determine if blacks and non-Hispanics are being tested earlier for HIV.

In response to a question by representative Burch, Dr. Humbaugh stated that someone can go a long time and not know whether he or she has HIV.

Adjournment

There being no further business, the meeting was adjourned at 12:01 p.m.

INTERIM JOINT COMMITTEE ON HEALTH AND WELFARE

Minutes of the Fifth Meeting of the 2014 Interim

October 15, 2014

Call to Order and Roll Call

The fifth meeting of the Interim Joint Committee on Health and Welfare was held on Wednesday, October 15, 2014, at 10:00 a.m., in Room 129 of the Capitol Annex. Representative Tom Burch, Co-Chair, called the meeting to order at 10:00 a.m., and the secretary called the roll.

Present were:

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

Guest Legislators: Representative Jeff Greer

Guests: Phillip Wimpee, Deputy Sheriff, Meade County, and Stephanie Wimpee; Dr. Nick Kouns, Chairman, Department of Medicine, Clark Regional Medical Center, Winchester, Past Member of the Kentucky Arts Council's Board of Directors, and Founding Board Member of the Kentucky Conservatory Theater; Heather Hyden, Member, Community Farm Alliance; Michelle Howell, Barren River Health District; Valerie Horn, Letcher County, Appal-TREE Project and Grow Appalachia; Tamara Sandberg, Executive Director, Kentucky Association of Food Banks; Mark La Palme, Sr., Chief Executive Officer, Kevin Horn, Program Manager, Andy Ayers, Operations Director, Isaiah House Inc.; Phyllis Sosa and Victoria Elridge, Department for Aging and Independent Living, Cabinet for Health and Family Services; Eric Clark and Betsy Johnson, Kentucky Association for Health Care Facilities; Diona G. Mullins, Office of Health Policy, Cabinet for Health and Family Services; Julie Brooks and Paula Goff, Department for Public Health, Cabinet for Health and Family Services; Mark R. Brengelman, Hazelrigg and Cox LLP; Bill Doll, Kentucky Medical Association; and Sarah S. Nicholson, Kentucky Hospital Association.

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

Approval of the Minutes

A motion to adopt the minutes of the September 17, 2014 meeting was made by Representative Marzian, seconded by Representative Jenkins, and adopted by voice vote.

Consideration of Referred Administrative Regulations

The following administrative regulations were available for consideration and placed on the agenda, having been referred to the Committee on September 3, 2014, pursuant to KRS 13A.290(6): **201 KAR 2:030** – establishes conditions, forms, and examination requirements for licensure by reciprocity for out-of-state pharmacists; **201 KAR 2:040** – establishes the standards for training, qualifications,

and registration of pharmacist interns; **900 KAR 6:070** – establishes the requirements necessary for the consideration for formal review of applications for the orderly administration of the CON Program; **900 KAR 7:030** – establishes the required data elements, forms, and timetables for submission of data to the cabinet and fines for non-compliance; **902 KAR 30:001** – establishes the definitions for 902 KAR Chapter 30 pertaining to First Steps, Kentucky's Early Intervention Program; **902 KAR 30:110** – establishes the point of entry and service coordination provisions pertaining to First Steps, Kentucky's Early Intervention Program; **902 KAR 30:120** – establishes the redetermination of eligibility requirements for First Steps, Kentucky's Early Intervention Program; **902 KAR 30:130** – establishes the requirements for assessment, the Individualized Family Service Plans used in First Steps, and assistive technology; **902 KAR 30:150** – establishes the provider qualifications for participation in First Steps, Kentucky's Early Intervention Program; **902 KAR 30:160** – establishes the provisions of covered services under First Steps, Kentucky's Early Intervention Program; **902 KAR 30:180** – establishes procedural safeguards for facilities participating in First Steps, Kentucky's Early Intervention System; **902 KAR 30:200** – establishes the provisions relating to early intervention services for which payment shall be made on behalf of eligible recipients; and **910 KAR 1:180** – establishes the standards of operation for a homecare program for elderly persons in Kentucky. A motion to accept all the administrative regulations excluding **900 KAR 6:070** was made by Representative Marzian, seconded by Representative Jenkins, and approved by voice vote.

In response to questions about **900 KAR 6:070** by Senator Givens and Senator Stine, Diona Mullins, Policy Analyst, Office for Health Policy, stated that the administrative regulation was changed to clarify that, in the determination of whether an application is consistent with the State Health Plan, the cabinet shall apply the latest criteria, inventories, and need analysis figures maintained by the cabinet and the version of the State Health Plan in effect at the time of the public notice of the application. When making a final decision following a reconsideration hearing pursuant to KRS 216B.090 or a reconsideration hearing which is held by virtue of a court ruling, the latest criteria, inventories, and need analysis figures maintained by the cabinet and the version of the State Health Plan in effect at the time of the reconsideration decision or decision following a court ruling shall be applied by the cabinet. The amendment was needed to clarify which documents will be used in making a certificate of need (CON) decision regarding consistency with the State Health Plan. The amendment establishes requirements necessary for consideration of formal review of CON applications. The burden of proof is on the applicant. An application can be denied based if any of the five criteria are not met. The administrative regulation was originally amended to award a CON if state plan criteria were met without hearing objections from other entities, but this amendment was removed after comments from interested parties.

A motion to accept **900 KAR 6:070** was made by

Representative Marzian, seconded by Representative Jenkins, and accepted by voice vote.

Child Protection Services (CPS): Unannounced Home Visits

Representative Jeff Greer stated that he has great respect for CPS, but changes are needed in the Kentucky Revised Statutes to provide consistent proper procedures for CPS workers to make random unannounced visits be made to the homes of alleged perpetrators. This would prevent perpetrators from hiding abuse in advance of a visit.

Phillip Wimpee, Deputy Sheriff, Meade County, stated that, in 2005, his three minor children were being abused mentally and physically by his ex-wife's boyfriend. Out of fear of punishment by the boyfriend, his children would secretly beg him for help. A petition was filed for custody stating the children had been abused and neglected. He was granted temporary custody until CPS could conduct an investigation. The CPS worker called ahead to set up an appointment with all people involved. The investigation was conducted several days from the date of the call giving the boyfriend plenty of time to make changes in the household and time to threaten the children into keeping their secrets. The call-ahead system used undermined Mr. Wimpee's attempt to gain custody of his children over the years. The children were asking him for help, and he was being met with roadblocks at every turn. His oldest daughter was taking anti-depressants, and a son would come to his house with marks on him and afraid to be in a room with the door closed. In April 2010, CPS found a daughter's accusations of sexual abuse by the boyfriend unsubstantiated. In August 2010, a daughter was admitted to Wellstone for treatment for severe emotional issues. Wellstone reported to CPS that the boyfriend had sexually abused the daughter. The court finally awarded Mr. Wimpee custody of his daughter. The boyfriend was to have no contact with the daughter, and the ex-wife could only have supervised visits with the children. Even with the findings from Wellstone and recommendations of the court regarding the daughter, the judge ruled that custody would remain the same because nothing had happened to a son yet.

Over the years, Mr. Wimpee taught his children to find a safe place to hide if things got bad with the mother and her boyfriend. The son was more worried that something would happen to his mother, and he wanted to protect her. The son turned 13 years old on November 11, 2013. On November 15, 2013, just before the son was to board a school bus, the boyfriend shot and killed Mr. Wimpee's ex-wife and the son, and he then called his brother and told him the location of his will. In his last cowardly act, he turned the gun on himself. On April 9, 2014, Mr. Wimpee received a CPS substantiated notification letter that found that the allegations of physical abuse were substantiated.

In response to questions by Senator Denton, Representative Greer stated that there needs to be statewide consistency for CPS workers, and periodic surprise visits are needed so abusers cannot prepare children about what to say. Stephanie Wimpee, the children's aunt, stated that 2013 House Bill 290 established a child fatality and near fatality

review panel that would submit an annual report to the Legislative Research Commission starting on December 1, 2014. The Department for Community Based Services tried to adhere to the CPS Standard Operating Procedures (SOP) manual, but there is nothing in the statutes regarding unannounced visits by CPS workers.

In response to questions by Representative Benvenuti, Mr. Wimpee stated that, in August 2010, Wellstone determined that his daughter's allegations of sexual abuse by her mother's boyfriend could be substantiated and that she needed to be removed from her mother's home. His son was murdered in November 2013. Representative Benvenuti questioned if the daughter had been removed from the home, why the son remained in his mother's home. Ms. Wimpee stated that is an area that needs to be addressed. Representative Benvenuti stated there needs to be statewide consistency in how cases are substantiated.

In response to a question by Representative Burch, Representative Greer stated that the draft legislation needs to be worded carefully to state that random home visits be conducted for alleged abusers.

Medical Benefits of Cannabis

Dr. Nick Kouns, Chairman, Department of Medicine, Clark Regional Medical Center, Winchester, Past Member of the Kentucky Arts Council's Board of Directors, and Founding Board Member of the Kentucky Conservatory Theater, stated that he decided to become a doctor when he was eight years old and his parents could not afford to buy his sister's medicine. It is tough for families who have to live in poverty and unable to afford the essential things of life, like medicine. Approximately 75 percent of physicians nationwide and 70 percent in the United States support the legalization of medical marijuana. New proven scientific evidence makes changes in how a physician practices and provides care for patients. Approximately 30 states have rational marijuana laws. The American Medical Association is advocating that medical marijuana be reclassified from a Schedule I drug to a lower schedule drug. Lifesaving medicines are expensive.

In response to a question by Senator Clark, Dr. Kouns stated that doctors do not testify more often about the benefits of medical marijuana because it is a crime to prescribe it.

In response to questions by Representative Benvenuti, Dr. Kouns stated that there are studies providing evidence that medical marijuana can be useful to help treat patients. Representative Benvenuti stated that additional clinical studies should be conducted by the Food and Drug Administration (FDA) before any drug is approved.

In response to a question by Senator Bowen, Dr. Kouns stated that he had smoked marijuana. Medical marijuana should be compared to other drugs to see how it would impair someone's functionality. He personally would not smoke it and drive a car. He has not treated a patient with marijuana abuse.

In response to questions by Representative Moore, Dr. Kouns stated that it is inaccurate to compare marijuana to cigarettes, but marijuana has been proven to be beneficial but smoking tobacco has not been. There are always contradictory studies

about the benefits of medical marijuana, and anyone can find a study to prove a theory. Doctors are subjected to random drug testing.

Senator Thomas stated that he would like for information to be provided to the committee on the UK and UofL's progress with following requirements enacted in 2014 Senate Bill 124.

The Intersection of Farming, Food, Health, and Economic Development

Heather Hyden, Member, Community Farm Alliance, Michelle Howell, Barren River Health District, and Valerie Horn, Letcher County, Appal-TREE Project and Grow Appalachia, stated that the connections between poverty, nutrition, and community economics are becoming increasingly apparent and recognized as such on the local state and federal levels. Sustainable agriculture and local food systems can be a gateway for economic vitality, better health, and the creation of community wealth. Despite Kentucky being a top agricultural state, over 750,000 Kentuckians do not always know where to get their next meal. Approximately one in four of Kentucky's children lack consistent access to enough food for a healthy, active lifestyle. Thirty-five percent of Kentucky's food bank clients report having to choose between paying for food or medicine or utilities. America's Health Rankings Report, ranks Kentucky 45th in the United States for overall health with 1.1 million obese adults and 10 percent of the population living with diabetes. Since 1985, the Community Farm Alliance (CFA) has worked with local and regional food system development in rural, urban, and mountain communities. Through direct action and research, CFA members have proven that local food systems can have a substantial long-term impact for creating jobs, improving health through better nutrition, and alleviating poverty. Effective collaboration, coordination, and community-drive decision making are critical components missing from Kentucky's food system. Kentucky's 14-federally funded food and nutrition programs have a collective purchasing power of \$1.3 billion with the Supplemental Nutrition Assistance Program (SNAP) being the biggest. However, only .0014 percent of SNAP benefits are spent at farmers' markets largely due to infrastructure and access barriers.

A grant from the USDA National Institute for Food and Agriculture (NIFA) with a match from the Foundation for a Healthy Kentucky provided an opportunity to build on past efforts to further develop a grassroots based collaborative approach to state food policy, and to build capacity for grassroots' participation in determining local food system needs and sustainable solutions through: 1) increasing collaboration among stakeholders in the food system, specifically low-income residents and farmers; 2) determining the most effective and appropriate structure for cross sector collaboration with the Kentucky Food Policy Network (KFPN); 3) increasing awareness of local food, farm and nutrition issues; and 4) conducting an assets based assessment of existing food policies and programs. Until the USDA-NIFA Grant, Kentucky had no clear democratic channel for collective input from consumers, farmers, public health professionals, anti-hunger advocates, and others to reach the level

of decision makers. The steering committee was integral for facilitation, decision making and serving as a hub by which we connected with communities across sectors, geographies, and social groups. The steering committee evolved into a network of over 15 local and regional food system work groups, issue work groups such as Partnership for a Fit Kentucky Food Access-Farmers Markets, and a central leadership team representing farmers, limited income individuals, non-profit organizations, government agents, and philanthropic groups. Kentuckians want increased coordination, increased involvement by the people who are most affect by food policy, and communities and outreach.

An application for a USDA NIFA Community Food Project Planning Grant will be submitted in November 2014 to continue the facilitation of the Kentucky Food Policy Network (KFPN), analyze existing legislation for implementation and policy gaps, provide financial and resource support for regional collaborative, provide distance technology and broader communications, continued education about the intersection of farming, food, health, and economic development, and host a semi-annual Food Policy Summit.

In response to a question by Senator Higdon, Ms. Hyden stated that individuals should receive SNAP benefits more than once a month so a recipient does not use all the money at the beginning of the month and not have any the rest of the month to buy food.

Hunger Free Kentucky

Tamara Sandberg, Executive Director, Kentucky Association of Food Banks (KAFB), stated that KAFB is a statewide network of seven food banks with 915 agencies operating 1,356 food programs that feed approximately 611,111 Kentuckians yearly. Of the 915 agencies, 52 percent rely entirely on volunteers, and 66 percent are faith-based organizations. The goals for the Farms to Food Banks program are to increase access to healthy food among our struggling neighbors, to pay fair prices that help farmers recoup losses, and reduce the amount of wasted food. The KAFB submitted an application to the Kentucky Department of Agriculture for \$640,000 to purchase produce and was awarded \$641,443.04 in August that included donations from taxpayers. Approximately \$528,343 of the \$532,000 of the produce purchase budget spent impacted 365 farmers from 60 counties by increasing their cash flow to \$1,314, and distributing 2.9 million pounds of produce to 119 counties.

In response to a question by Representative Burch, Ms. Sandberg stated that one in every four children go to bed each night hungry.

Substance Abuse Addiction Treatment: Isaiah House Inc.

Kevin Horn, Program Manager, stated in 2012 he realized it was impossible to maintain his addictions, and he committed to a long-term residential program. He thanks God for the spiritual awakening and for the opportunity at Isaiah House that has allowed him to attain and maintain a health and productive lifestyle. His drug abuse began in 1995 with marijuana, alcohol, and five milligrams of Lortabs found in his father's medicine cabinet. By 1998, it had progressed to other

drugs with Oxycontin being the drug of choice. He spent \$100 to \$200 a day for opiates and \$15 to \$20 on Suboxone. He even sent his ex-wife to a Suboxone clinic to get drugs, because she had a Medicaid card. He realized that it is impossible to use a maintenance drug properly without a complete change of mindset, tools to cope with triggers, and placing a spiritual component of recovery as a priority. In his personal and professional experiences, the real life value of maintenance therapy is a decrease in withdrawal issues and that it possibly curbs deviant behavior. But as far as being some type of miracle drug or actually changing the mindset of an addict, it is not even close. Suboxone was the drug that was extremely efficient, but became the biggest deterrent to his long-term sobriety.

Andy Ayers, Operations Director, stated that initially he liked the way that drugs made him feel, but deeper into his use he needed drugs just to feel normal. He hated himself for not having the will power to stop using drugs and for the misery he put his family through. He tried detoxification, rapid detoxification, naltraxone implants, 30 to 60 day programs, joined the military, and went to both methadone and suboxone clinics. The programs either did not teach the tools needed to stay clean or enabled him to maintain his addiction by replacing one drug with another to help go through withdrawal until the next fix. His family gave him the option of checking into the Isaiah House or go to jail for stealing from them; he chose the Isaiah House. After getting over the sickness of opiate withdrawal, he started seeing counselors that would help him dive into and work on all the core problems that creased the addiction. He learned that it was not a lack of willpower that he could not stay clean, but he had a disease that needed treatment. He was put into a 12 step class called Celebrate Recovery that allowed him to make amends for what he had done and forgive himself. Along with work, class, counsel, and love, he learned the tools that were needed to stay clean and sober after he left Isaiah House. It is possible to fight addiction and win if given the right tools.

Mark La Palme, Sr., Chief Executive Officer, stated that he founded Isaiah House, a treatment center for people who suffer from drug abuse, on August 17, 1999 after being sober for only three months. Addiction affects people spiritually, emotionally, relationally, mentally, physically, and educationally. Isaiah House manages 72 beds for men and 14 beds for women at two locations without any state funds and only seven percent federal funds. His faith in Jesus Christ and practical application of the tools learned at 13 short-term treatment centers, he has been able to stay abstinent and sober for the last 15 years. Since August 1999, over 2,200 people have received treatment. An independent self-report survey of all clients from 2001 to 2009 indicated that 65 percent were still clean and sober after five years and 78 percent had not reoffended. Most current models available for treatment fail because an addict has too many choices. Choices in the hands of an addict are rarely good as most will always choose the path of least resistance. Isaiah House is a model that teaches personal responsibility while bearing one another's burdens. An addict should pay for a portion

of the cost of treatment, because the free treatment reinforces that there are no consequences for an addict's actions and someone else will take care of them.

Isaiah House has a holistic model for treatment where one center manages the care for a person so that the treatment plan is followed in its entirety thereby eliminating the potential for a weak link. Isaiah House oversees detoxification, medical care, step program, education, psychotherapy, family educational classes, marriage and family therapy, legal, financial, and continuum of care case management. Graduation requires that a person has: 1) completed 30 of 30 group and self studies from a curriculum choice of six core and forty electives; 2) passed the GED or taken the ACT for higher education enrollment; 3) received a driver's license after it had been suspended; 4) adjudicated and paid-up court issues; and 5) found a home church, pastor, accountability group, accountability partner, apartment or home, a car, and a full-time job within an eight-month timeframe. The recovering addict lives in a residential program and receives a 90-day aftercare model.

One of the tools used at Isaiah House, as opposed to medication-based detoxification or addiction management therapy, is called Neuro-Electric Therapy (NET). NET is in FDA clinical trials and Isaiah House is the only place in the United States that offers it. NET is a non-narcotic and non-invasive where electrodes, powered by a nine-volt battery, are attached to the mastoid bone behind the ear. Approximately \$1.5 billion has been spent on Suboxone because it was recommended by experts. Support is needed for treatment programs that offer therapy and holistic, faith-based initiatives like those at Isaiah House.

In response to a question by Representative Moore, Mr. La Palme stated that his addiction began with marijuana. Representative Moore stated that it is important that Isaiah House is a Christ-centered program.

In response to questions by Representative Burch, Mr. Horn stated that he was 10 years on when he started taking oxycontin; Mr. La Palme was 13 years old and started with marijuana; and Mr. Ayers was 13 years old and started with marijuana. Some people have a genetic predisposition to take drugs.

In response to a question by Representative Benvenuti, Mr. Ayers stated that marijuana was the drug that started his drug addiction.

Senator Stine stated that Isaiah House is a long-term, therapeutic approach to overcoming addiction that helps people put shattered lives back together.

Adjournment

There being no further business, the meeting was adjourned at 12:01 p.m.

INTERIM JOINT COMMITTEE ON JUDICIARY

Minutes of the 5th Meeting of the 2014 Interim

October 3, 2014

Call to Order and Roll Call

The 5th meeting of the Interim Joint Committee on Judiciary was held on Friday, October 3, 2014,

at 10:00 AM, in Room 171 of the Capitol Annex. Senator Whitney Westerfield, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Whitney Westerfield, Co-Chair; Senators Perry B. Clark, Carroll Gibson, Sara Beth Gregory, Jerry P. Rhoads, John Schickel, Dan "Malano" Seum, and Robin L. Webb; Representatives Robert Benvenuti III, Jesse Crenshaw, Joseph M. Fischer, Kelly Flood, Joni L. Jenkins, Thomas Kerr, Stan Lee, Mary Lou Marzian, Reginald Meeks, Darryl T. Owens, Ryan Quarles, Tom Riner, Ken Upchurch, and Brent Yonts.

Guests: Public Advocate Ed Monahan, KACDL Legislative Liaison Ernie Lewis, KSP Laboratory Director Laura Sudkamp, Secretary of the Justice and Public Safety Cabinet J. Michael Brown, Bluegrass Institute for Public Policy Solutions President Jim Waters, Pastor Anthony Everett, and Judge John Simcoe.

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

DPA and KACDL Commentary on KY Criminal Justice Issues

Ed Monahan said that House Bill 463 has helped bring reforms and significant cost savings without adverse effect to public safety. However, the full projected amount of savings has not been met due to the discretion exercised by judges, prosecutors, and the Parole Board. The crime rate has declined since 2012, yet incarceration rates have increased. Mr. Monahan suggested that, if the Parole Board paroled all of the individuals who scored low risk on their validated risk assessment, there would be \$18 million in savings in the first year, and even more savings in subsequent years. He said this could be done if the legislature modestly adjusted the Parole Board's discretion in these cases.

Mr. Monahan recommended that adjustments be made for pretrial release. Pretrial release rates have increased three percent across the state, saving millions of dollars, yet there are several low risk individuals in county jails. The Arnold Foundation is conducting a pretrial release study in Kentucky; their preliminary findings have shown that if you have a low risk offender in jail for as few as two days, there is a high correlation with future criminal activity. Mr. Monahan also suggested reclassifying minor misdemeanors to civil violations and creating a gross misdemeanor classification for many current low level felonies.

Mr. Monahan spoke about eyewitness identification issues. The National Research Council and the National Science Academy have issued a report calling for reform because 75 percent of DNA exonerations are a result of eyewitness misidentifications. In Kentucky, there have been 14 documented exonerations, four of which were due to misidentifications.

Jim Waters, President of the Bluegrass Institute for Public Policy Solutions, spoke in support of Mr. Monahan's recommendations. He said that there should be reasoned and balanced approaches based on fiscal research. Reclassifying minor misdemeanors to violations would bring substantial savings to jails

and reduce court time. Fines that would be collected from this would increase revenue for Kentucky. Reducing low level felonies to gross misdemeanors would greatly improve the justice system and would save taxpayers the \$46 per day in costs to incarcerate an offender. He also spoke about paroling low risk offenders, stating that the failure to parole more than 600 low risk offenders costs taxpayers nearly \$28,000 per day. Mr. Waters said that these policy proposals would save taxpayers money and empower victims of crime and reform offenders.

Pastor Anthony Everett spoke in support of Mr. Monahan's recommendations. He said about some members in his community who have low level felony convictions from previous years and how this impairs their ability to obtain work. A Class D felony expungement law would allow these individuals the chance to get a job and support their families. Pastor Everett stated that people of color are disproportionately impacted by non-violent Class D felony convictions.

Responding to a question from Representative Yonts, Mr. Monahan said that the use of presumptive parole language in regards to low risk offenders. He said that parole can be automatic. Responding to another question from Representative Yonts, he said that the language in the statute will need to be changed for progress to be made. Responding to a question from Representative Benvenuti, Mr. Monahan said that some felonies are not criminal activity but rather are civil wrongs that have been criminalized for first time offenders. Responding to a question from Representative Meeks, Mr. Monahan said that counties would be saving substantial amounts of money by not incarcerating low risk offenders before their trials. If there is room in county jails, state prisoners can fill those empty spots and the jails can receive state funding.

Responding to a question from Senator Webb, Mr. Monahan said that money saved by paroling low risk offenders could be used to provide treatment to drug addicted offenders. Responding to a question from Senator Schickel, Mr. Monahan said that every law has limits on judges, prosecutors, defense lawyers, and parole board members, and the laws need to be adjusted. Responding to a question from Representative Lee, Mr. Monahan said that comprehensive analysis determined the cost of incarcerating an offender. Representative Lee expressed his concern about eliminating deterrents for criminal activity and putting public safety at risk. Mr. Waters responded by stating that other states, like Texas, have achieved positive outcomes when it comes to reducing the crime rate and the costs of criminal justice. Responding to a question from Representative Fischer, Mr. Monahan said that the best way to treat heroin users is to substantially increase the treatment options for the individuals who suffer from heroin addiction.

KSP Laboratories Improving Services: Future Strategies and Solutions

Laboratory Director Laura Sudkamp spoke about Kentucky State Police (KSP) laboratories' issues. KSP has laboratories in Cold Spring, Ashland, London, Frankfort, Louisville, and Madisonville. KSP employs 130 laboratory staff, including 92

analysts; in one year they have worked 40,000 cases. The largest area within the KSP Laboratories is Drug Chemistry, closely followed by Toxicology. Ms. Sudkamp also pointed out the differences in cases that are received and cases that are completed, noting that DNA cases are coming in faster than can be worked.

Ms. Sudkamp explained that the speed at which cases are turned around is what matters to the courts. The average turnaround in 2013 for the toxicology department was about 75 days, and it has dropped to about 56 days for this year. The DNA department has lost staff, which has slowed its turnaround, but staff at the central lab has increased.

After accreditation, the KSP laboratories realized they needed to overhaul the system, which included changing everything from the chemical processing that's used to purchasing new instruments. Ms. Sudkamp also expressed concern with the KSP Laboratories' \$1,000 limit for repairs, which is too low to repair any instruments. If an instrument fails, it usually takes four to six weeks before it is repaired. Responding to a question from Senator Westerfield, Ms. Sudkamp said that a \$10,000 limit would allow the repair time to be cut to around two weeks. The new equipment that the KSP Laboratories have received has resulted in increased efficiency. Toxicology cases no longer need to be outsourced to other vendors, and new equipment now allows KSP staff to test for a wider range of drugs. DNA cases also no longer need to be outsourced, and new Y chromosome test techniques can now be completed in KSP laboratories. The DNA turnaround times could be reduced with a substantial investment for new equipment, which would cost about \$5 million. DNA database hits have produced 55 hits to offenders in other states, and 107 to Kentucky offenders, resulting in convictions that would likely not be possible without the DNA evidence gathered by KSP Laboratories.

Ms. Sudkamp spoke about laboratory equipment needs. The trace section is working with equipment that is so outdated that replacement parts are no longer available. New technology analyzes samples faster and provides more information about samples; if KSP Laboratories could acquire this technology, cases could be solved faster. The Intoxilyzer 8000s for DUI cases will replace the 5000s. KSP has 50 of these new Intoxilyzers but needs 150. When equipment breaks down and cannot be repaired at reasonable pace, the cases that are being worked fall behind, which affects other areas in the court process.

Judge John Simcoe explained how the courts are affected when the KSP laboratories cannot get results out at an acceptable pace. Most cases referred to toxicology involve individuals who have already been arrested, which means there can be due process concern when testing takes too long. As required by KRS 189.330, any DUI case that is over 90 days old is to be reported to the Chief Justice and the Attorney General. If the evidence analysis is not completed in this amount of time, judges are left with the difficult decision of what to do with the case. He also spoke of the high expectations of jurors and the public when it comes to laboratory test results, due to what they have seen in the media.

Responding to a question from Senator Schickel, Ms. Sudkamp said that all cases are prioritized, but

when the court contacts the laboratory with a critical case they try to get those cases completed quickly. Responding to a question from Senator Seum, Ms. Sudkamp explained that the total operating cost of the KSP laboratory program was \$11.5 million. None of this money comes from private entities, and no other state crime labs derive their funding from private entities. Responding to a question from Representative Fischer, Ms. Sudkamp said that the only machines that can detect heroin are located in Frankfort.

Penal Code & Parole Reform

Secretary J. Michael Brown spoke about the Kentucky penal code and parole reform. The penal code is 40 years old, and reform is overdue. He said that House Bill 463 has done what it was intended to do, which was reform Kentucky's drug laws and not the penal code.

The parole board started in Kentucky in 1956 with three members. It grew to five members in 1976 and seven members in 1992; it now has nine fulltime members. Kentucky has a system of indeterminate sentencing, which can be a problem because once a sentence is given by a judge, the parole board decides the amount of prison time an individual will usually serve. In 2014, the parole board reviewed 21,414 cases. It was impossible for nine individuals to make an informed parole decision under such a demanding caseload. The parole board operates in two ways: two-person panels and file review. The total prison population is well below what the Pew Foundation projected it to be without HB 463 and could be further reduced by changing how cases are reviewed.

Another success of House Bill 463 is Kentucky's mandatory release supervision program. The program was designed to target those individuals who were more likely to return to criminal activity once released. Because of this program, \$37 million has been saved and recycled back into the budget. The Local Jail Assistance Fund allocation has more than doubled in the last budget year, from over \$2 million to over \$4 million.

Issues within the penal code often involve the parole board and indeterminate sentencing system. Because of Kentucky's indeterminate sentencing and other factors, it is hard to know a specific amount of time an individual will serve in the system. There has also been confusion within the public on the difference between a violent offense and a violent offender. Secretary Brown said that these terms should be redefined in statute. He said that appropriate penalties and parole eligibility levels might be assigned.

Secretary Brown said that he believed the real issue within the system is compression. This compression comes from felony categories and parole eligibility. Sentence restructuring could result in low misdemeanors being reclassified as violations, and a possible Class E felony category could be considered. He said there are at least 50 felonies that could fall into a 50 percent parole eligibility to further cease the compression that is in the criminal justice system. Transparency in sentencing is needed but is lacking in Kentucky.

Responding to a question from Senator Gibson, Secretary Brown said that the parole board is structured as nine full-time members, and only six can come

from one political party. There are five disciplines: law enforcement, penology, education, social work, and law. Each member of the parole board must have at least five years of experience in one of these disciplines. Once a parole board position is open, an individual can apply. Senate confirmation is required. Confirmed individuals serve four-year terms; if they are not confirmed, their service on the parole board stops immediately. Responding to a comment from Senator Schickel, Secretary Brown said that House Bill 463 did not create Kentucky's drug problem. Responding to a question from Representative Kerr, Secretary Brown said individuals who have served their time but remain in supervisory programs are not incarcerated. They would only be incarcerated again if they violate their conditions during the supervisory period.

The meeting adjourned at 12:08 PM.

INTERIM JOINT COMMITTEE ON LICENSING AND OCCUPATIONS

Minutes of the 5th Meeting of the 2014 Interim

October 10, 2014

Call to Order and Roll Call

The 5th meeting of the Interim Joint Committee on Licensing and Occupations was held on Friday, October 10, 2014, at 10:00 AM, at Chrisman Mill Winery, Nicholasville, KY. Senator John Schickel, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator John Schickel, Co-Chair; Senators Julie Denton, Denise Harper Angel, Jimmy Higdon, Christian McDaniel, Morgan McGarvey, Dan "Malano" Seum, and Damon Thayer; Representatives Julie Raque Adams, Denver Butler, Larry Clark, David Floyd, Joni L. Jenkins, Adam Koenig, Reginald Meeks, Charles Miller, Brad Montell, David Osborne, Arnold Simpson, and Susan Westrom.

Guests: Senator Albert Robinson, Norman Jones, President-elect of the Kentucky Association of Realtors, Joe McClary, CEO, Kentucky Association of Realtors and Michael Wooden, Executive Director, Kentucky Real Estate Commission; Representative Brad Montell, Scott Benningfield, Captain, United States Air Force, Owner of Thirsty Pedaler; Frederick Higdon, Commissioner, Stephanie Stumbo, Malt Beverage Administrator, and Steve Humphress, General Counsel, Department of Alcohol Beverage Control.

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

Approval of minutes for September 12, 2014 meeting

A motion to approve the minutes of the September 12, 2014 meeting was made by Representative Floyd and seconded by Representative Westrom. The motion carried by voice vote.

Denise Nelson, who along with her husband Chris own Chrisman Mill Winery, welcomed the committee to their vineyard. She said that their wine is made from 100 percent Kentucky-grown grapes

obtained from 15 local growers, and from the 28 acres that Chrisman Mill harvests at its own site. Shanna Osborne, General Manager, Elk Creek Winery, Eddie O'Daniel, owner, Spring Hill Winery, and Tom Beall, owner, First Vineyard, were also present in support of small farm winery progress in Kentucky.

Realtor Licensing Requirements

Norman Jones, President-Elect of the Kentucky Association of Realtors said that ensuring the protection of the public in real estate transactions is an important issue for the industry and buyers in the Commonwealth. Purchasing a home is the single largest investment most consumers will ever make. The association is asking for consideration of additional, but reasonable, education requirements for real estate licensees who are just entering the industry.

The trend nationally is a three-part requirement: pre-license, post-license, and continuing education requirements. Kentucky has a 96 hour pre-licensing education requirement, and six hours of annual continuing education before licensing. There is no post-licensing requirement in place. The association would like to require 45 hours of post-licensing training within the first two years after a person receives a real estate license. Twenty-four other states require post-licensing education. Maintaining high standards and professional competency is more important than ever; the proposed post-license education requirements are designed to aid new licensees who have less selling experience. Research shows that 20 percent of the new licensees have received complaints during the first two to five years after getting their licenses. The proposed legislation will protect consumers and encourage responsibility and accountability for the licensee. The proposed changes would go into effect January 1, 2016.

In response to a question from Representative Westrom, Mr. Jones said he, Senator Robinson, and Michael Wooden have met with Real Estate Commission and various education providers and local associations, including LBAR, to develop the recommendations.

Senator Robinson said that the legislation is a consensus of the Kentucky Real Estate Commission, realtors, and agents in an effort to resolve the problems that come up in the first two to three years in a realtor's career.

In response to a question from Senator Seum, Mr. Jones said the legislation will only affect new licensees after January 1, 2016. New agents will then be required to complete expanded education within the first or second year of getting their licenses.

In response to a question from Representative Koenig, Mr. Jones said 20 percent of the complaints received at the commission involve agents that have been licensed less than five years. Mr. Wooden said that, from 2004-2013, there were 377 actions taken. 172 active licensees had been in the profession 10 years or less, which is about 45 percent. There were also 83 licensees within six to 10 years of licensing.

In response to a question from Representative Floyd, Mr. Jones said pre-license education is theoretical education. The legislation proposes post-license education that would involve more applicable business education.

In response to a follow-up question from Representative Westrom, Mr. Jones said, including licenses in escrow, there are approximately 22,000 licensed realtors in Kentucky. Approximately half of that total are active licensees. Joe McClary, CEO, Kentucky Association of Realtors, said that there are 40 approved providers that offer real estate education.

Senator Schickel said that realtors in northern Kentucky believe that older realtors need more training rather than new licensees who have just been trained.

Senator Thayer said the bill as it was presented during the last session disenfranchised agents. However, the present legislation was a step in the right direction.

Alcohol Sales Clean-up Legislation

Fredrick Higdon, Commissioner of the Department of Alcoholic Beverage Control (ABC), said that his office has been working collaboratively with industry partners and lobbyist. The parties include the Kentucky Distillers Association, brewery representatives, small farm wineries, the Kentucky Liquor and Wine Wholesale Association, both of the Kentucky distributors associations, the Kentucky Retail Federation, the Kentucky Association of Counties, and the Kentucky League of Cities.

Stephanie Stumbo, Malt Beverage Administrator for ABC, said there will be one piece of legislation with two different aspects. One aspect will be "clean up" legislation that either addresses statutory conflicts, deals with inconsistencies, or codifies court rulings. The other aspect is "new" legislative items that are pending issues from last session, or requests from the industry for assistance to address existing problems.

The following are items that would be considered new items:

Prohibit the sale of powdered alcohol. The FDA originally ruled that it is a permissible product, but in recent weeks the FDA has recanted their ruling. There is a public safety concern that the powder could be added to an alcoholic drink making the alcohol by volume significantly stronger, but immeasurable.

Allow special precinct elections for nine and eighteen hole golf courses. Marinas may also be included in the special precinct elections. Presently, all parties are working on a consensus definition of a qualified marina.

Permit a bed and breakfast to sell alcohol to guests. This would allow a qualified bed and breakfast to obtain a license like a restaurant license. The guest would be able to purchase an alcoholic beverage with dinner or take it to their room.

There is a special, temporary, distilled spirits and wine auction license that permits qualified charities to obtain a license to receive donated alcohol for auction fundraisers. The ABC will propose to add a malt beverage license that will permit charities to raffle malt beverages as well.

The Kentucky League of Cities and industry members requested that all local ABC licenses expire on the same schedule as the state licenses. Senate Bill 13 simplified schedules to renew by county on a certain month. Local governments have set their own schedules. The industry feels that it is burdensome to try to keep up with multiple license renewal dates. If a

renewal is missed, ABC will cite the business. ABC is meeting with Fayette and Jefferson county licensees to make sure that this will not have a negative impact on their businesses.

The distilleries have requested multiple changes to enhance their growing industry. The Bourbon Trail is expanding, and changes to boost the visitor experience have been requested. Visitors on a distillery tour are permitted a one and one-half ounce sample. The request is to raise the sample size to three ounces, which would be a cumulative amount over the course of the day. This would allow the visitor to sample a larger variety of products. Another request to support the Bourbon Trail experience is to provide a financially minimal novelty item that would be branded with the distillery logo. This would permit the distillery to give a souvenir glass, key chain, or a coaster to the visitor or at a charitable event. Production by-products such as barrel staves would also be included in this definition.

The distillers have asked for authority in statute to allow Master Distillers to taste their product during the production of the batch.

Package retailers in the state were impacted by changes in Senate Bill 13. Therefore, they are asking to expand the sampling license to allow retailers to offer a sample size, less than a drink size, of high end product rather than holding a drink license for sampling. This would keep the store in compliance with having a minor on the premise.

Currently in Kentucky, beer sampling is not permitted in retail package stores. Out-of-state brewers are asking to go into a retail business to participate in malt-beverage samples. Industry representatives have agreed to a sampling permit that would allow samples, limited to 16 ounces of malt beverage per day, during regular business hours. This allows customers to sample high end product from small farm wineries or brewers before they make a purchase.

Small farm wineries have requested a license for "Custom Crushing." This would allow two licensed Kentucky small farm wineries to contract with each other co-operatively to permit one winery to use their equipment to crush, produce and bottle wine on behalf of the other licensed small farm winery. All product under the "custom crushing" agreements shall be the sole product and property of the small farm winery providing the fruits and seeking assistance.

The ABC will seek to create a state-wide server program. The department is working with the retail industry to work out details, such as fees. Currently, the STAR server training charges a fee. However, the new program would certify the industry based on an existing national program to provide training, modified to cover Kentucky law. ABC will issue a certified servers card. There will be a fee for this card and the card will be valid for multiple years, yet to be determined.

Senator Schickel said he was not in favor of server training at first. However, after learning more about the program and understanding that cities and counties do not have uniform regulations, he realized that standardized training is necessary.

Representative Clark said that he felt the clean-up language should stand in a separate bill request

due to all the items listed.

Senator Higdon said the committee should consider a task force in the future to work on changes when there are a large number, in order to gain overall consensus.

Representative Floyd commented that custom crushing is a good way to help diversify agriculture. There are people who grow grapes but are not able to purchase equipment to make small amounts of wine. Nelson County is the birthplace of the Bourbon Trail; increasing sampling amounts would have a positive impact on tourism.

Representative Westrom said she appreciated the opportunity to hear the details of a bill that includes multiple alcohol changes.

Senator Thayer said the committee process was educating members and stakeholders. It is important not only to ensure consumer protection but to aid the growth of an industry that is adding to the economy. Many of the discussed changes are overdue.

Senator McGarvey said that it is important to grow this signature industry.

House Bill 86 from the 2014 Regular Session- -Quadricycle

Representative Brad Montell said that House Bill 86 was about economic development and that this is more than a novelty business. Metropolitan cities around the country are bringing this business to their cities. The bill does three things: 1) it defines a commercial quadricycle; 2) it directs local governments to adopt an ordinance setting forth regulations for the operations of the quadricycles, such as licensing requirements, insurance requirements, disclosure and approval of area of operation, safety and equipment standards, inspection requirements, and restrictions on hours of operation; and 3) it exempts passengers on the bike from laws prohibiting individuals from drinking in public places. With passage of the bill, passengers could imbibe while on the bike, but could not step onto the sidewalk with a drink. It is a great opportunity for more people to come into the city to experience what Louisville has to offer.

Scott Benningfield, owner of the Thirsty Pedaler, said he has a 15 passenger bike that currently operates in Louisville, and he plans to expand to Lexington. Tours are pre-booked, lasting two hours through the downtown area. There is a designated driver on the bike who has complete operational control at all times. The riders provide the propulsion by pedaling. There is no motor on the bike; however, there is a battery to operate the headlights, taillights, turning signals, overhead lights and the stereo system. Patrons bring their own adult beverages. The tour has three stops at various bars, attractions, or businesses that allow the passengers to get off the bike for a brief visit.

Senator Higdon said that there are a lot of questions, and he is willing to work on the legislation.

There being no further business, the meeting was adjourned at 11:16 A.M.

INTERIM JOINT COMMITTEE ON LABOR AND INDUSTRY Minutes of the 5th Meeting of the 2014 Interim

October 16, 2014

The 5th meeting of the Interim Joint Committee on Labor and Industry was held on Thursday, October 16, 2014, at 1:00 PM, at the Biomedical Biological Sciences Research Building at the University of Kentucky in Lexington, Kentucky. The meeting was a joint meeting with the Interim Joint Committee on Economic Development and Tourism. Senator Alice Forgy Kerr, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Alice Forgy Kerr, Co-Chair; Senators Carroll Gibson, Denise Harper Angel, Jimmy Higdon, Dennis Parrett, and Mike Wilson; Representatives Denver Butler, Jeffery Donohue, C.B. Embry Jr., Joni L. Jenkins, Thomas Kerr, Adam Koenig, Mary Lou Marzian, Charles Miller, Terry Mills, Tanya Pullin, Tom Riner, and Jim Stewart III.

Guests: Dr. Eli Capilouto, President, University of Kentucky; Dr. Michael Karpf, Executive Vice President for Health Affairs, University of Kentucky; Commissioner Beth Brinly, Department of Workforce Investment, Kentucky Education and Workforce Development Cabinet.

LRC Staff: Carla Montgomery, Matt Ross, Adanna Hydes, and Sasche Allen.

Approval of Minutes

A motion by Representative Embry and a second by Representative Jenkins to approve the minutes of the September 10 meeting carried by voice vote.

University of Kentucky's Impact on the Economy of Kentucky and the Health of its Citizens

Dr. Eli Capilouto, President of the University of Kentucky (UK), testified about recent developments at UK. He said that UK was awarded a \$14.9 million contract from Patient-Centered Outcomes Research Institute to improve the quality of patient care in transition through a national, multi-institution partnership. This year the university experienced historic enrollment of 30,062 students, with the largest undergraduate African American, Hispanic, and international enrollment to date. The university reflects remarkable levels of academic quality and diversity.

Key areas of the institution's impact on the Commonwealth include a \$280 million investment that yielded a \$3 billion academic, research, service and health care enterprise. The university generates nearly \$80 million in state and local income tax, resulting in 5,000 additional jobs in health and research, and \$367 million in external grants that resulted in 9,427 new jobs. UK has self-financed \$1.3 billion of construction.

Dr. Capilouto said Kentucky has significant health disparities when compared to national levels. The state has unacceptable numbers of chronic, preventable disease. UK is uniquely positioned to serve the state with a physical presence in all 120 counties. It is one of eight institutions with programs in agriculture, pharmacy, engineering and medicine on a contiguous campus, and one of 22 institutions with NCI-designation, Clinical Translational Science Award and an Alzheimer's Disease Center.

Co-Chair Kerr said the legislature is available

and prepared to act in whatever means are necessary in the event of an infectious disease crisis such as Ebola. Dr. Michael Karpf, Executive Vice President for Health Affairs, University of Kentucky, said the state and Fayette County health departments have been vigorously planning a response to an Ebola situation.

Dr. Karpf explained that, upon arriving at the university 11 years ago, careful consideration was given to the direction of the medical complex and critical success factors. The conclusion was to focus on advanced subspecialty care--something that only major academic medical centers can do. The university worked with local regional providers from a public policy point of view as well as a business perspective. To be most effective, services should be provided on a local level from a medical and economic perspective. It was determined that critical success factors were efficiency, quality, and patient safety. Dr. Karpf said that, to be successful, UK must become a referral center for all of Kentucky and areas in West Virginia, Ohio, and eastern Tennessee. Over the past five years, the university has aggressively developed relationships with hospital systems and medical providers throughout these areas. The success is reflected in the number of annual discharges. The Case Mix Index from the Council on Teaching Hospitals indicates UK's patient population is among the sickest populations of any academic medical center in the country.

Dr. Karpf discussed the fiscal impact of UK Healthcare's expansion—a 95 percent increase in employee growth and 140 percent personnel expenses growth. UK should focus not only on its clinical program but on research as well, with emphasis on translational research. It must move the standard of care forward to offer cutting edge services when compared to the Mayo Clinic and Vanderbilt University. UK set out to have a National Cancer Institute-designated facility through facility enhancement and aggressive recruitment. In 2013, The Markey Cancer Center received a National Cancer Institute designation.

Dr. Capilouto said that Kentucky retained a top cancer research team that was prepared to leave the state, which would have taken with it \$17 million in federal support and teams of researchers. He said UK lacks adequate, modern space needed to recruit and retain the next talented team specializing in health disparity research.

Representative Stone said the UK Extension office has been helpful in bringing medical care to rural areas of the state. He commended Dr. Mark Evers for appearing before the Tobacco Settlement Oversight Committee and for the progress he is making.

Responding to Representative Stone's question, Dr. Karpf explained that the university has far exceeded initial projections in discharge increases. The current five year target is 40,000 to 42,000 discharges, making UK the 25th largest academic medical center in the country and the largest on a per capita basis.

Representative Palumbo noted the excellent care a family member recently received at the medical center.

Co-Chair Hall commended Dr. Karpf on his success at the University of Kentucky since his arrival.

Representative Denham expressed gratitude for the life-saving care he had received at the medical center.

In response to Representative McKee's question about in-state students, Dr. Capilouto said Kentucky requires all students to take the ACT. This also serves to measure the success of the state's education system. The UK College of Education's P-12 Lab assists school districts to improve learning. Kentucky and many states have seen a decrease in college-age residents. Another factor affecting Kentuckians attending college is tuition cost. The university has had to increase the number of out-of-state students.

Representative Martha Jane King expressed pride that her son graduated from the University of Kentucky and the UK Medical School and is on staff to educate more doctors to serve in rural areas. In response to Representative King's question, Dr. Karpf said there are several rural area initiatives including the Saint Clair Hospital and Morehead State University's program for rural leadership and several family residency training programs.

Representative Stacy said that, during his time as a legislator, he has seen the University of Kentucky become relevant statewide because of its outreach. The university is putting resources where they are most needed. He commended Dr. Karpf's work with the medical center and its success.

Responding to Representative Marzian's question, Dr. Capilouto said multiple interventions are necessary to lower smoking rates in Kentucky.

Responding to Representative Riner's question, Dr. Capilouto said prevention is the key to stopping Ebola; however, influenza is more of a concern. Dr. Karpf said it is important to follow public health measures as diligently as possible to limit the number of people infected with Ebola. The four hospital research facilities currently able to treat Ebola patients are specifically set up to handle unusual, level-four contagious diseases. While UK is as prepared to handle complex patients, it would require significant funding to become a level four facility.

Workforce Investment Update

Commissioner Beth Brinly, Department of Workforce Investment, Kentucky Education and Workforce Development Cabinet, gave an update on workforce investment in the state.

Commissioner Brinly said that the goal for the Department of Workforce Investment is to enhance the lives of Kentuckians by building a talent pipeline that will promote economic growth by combining workforce, education, and economic development methods that will increase continuous labor market progression. There is an educational gap for new jobs among the workforce in Kentucky with 49 percent of the workforce obtaining at least a high school diploma and 38 percent of new jobs requiring at least that amount of education. The demand for jobs that require some college education or an associate's degree is 34 percent with only 28.4 percent acquiring that amount of education. A bachelor's degree is required for 20 percent of new jobs with only 13.3 percent with that educational achievement within the

workforce. About nine percent have obtained post-baccalaureate degrees, and about eight percent of new jobs require a post-baccalaureate degree.

One way to address the undersupply of individuals with the adequate education to meet the demand of new jobs is to strengthen the talent pipeline. Through assessment counseling and support services, team case management, and training and education, the Department of Workforce Investment intends to strengthen five statewide career sectors that will improve the state's economic development: energy creation and transmission; health care and social assistance; business services and research and development; transportation, distribution, and logistics; and automobile and aircraft manufacturing. There are 11 regional-based areas that include such areas as the coal and agriculture industries.

The federal Workforce Innovation and Opportunity Act (WIOA) passed in July 2014. In July 2015, a majority of that law will go into effect with the remainder going into effect July 2016. There are four main tenets of the WIOA, including a streamlined workforce development system, greater value, better coordination, and improved outreach to disconnected youth. The workforce development system will be more customer-driven, and the number of people who serve on state and local workforce investment boards will be reduced. Steps will be taken to ensure that investments are actually effective, such as accountability procedures through annual reports for the state and local workforce investment boards. Better coordination will be achieved with local boards having joint administration costs, infrastructure costs, and regional planning. Certification of the local workforce investment areas will be based on management and performance and will also depend on regional collaboration. There will be improved outreach to disconnected youth through the allotment of funds going from 30 percent with the previous legislation to 75 percent under the WIOA. With the passing of the WIOA, disconnected youth will be reached through high school dropout recovery initiatives, programs like Accelerating Opportunity, and programs that will concentrate on individuals with disabilities entering the workforce.

The state and local workforce investment boards will see significant changes under the Workforce Innovation and Opportunity Act. Customers will make up a majority of the boards with members now including employee advocates, individuals from labor management councils, apprenticeship training coordinators, and representatives for individuals with disabilities. The boards will play a bigger role in employer engagement by being responsible for knowing what is needed in their particular areas' job markets and being responsible for selecting the service providers for their areas.

The three main areas of importance of the introduction of the WIOA for the Department of Workforce Investment are increased partnerships, work-based learning, and integrated education and training. Another significant component of the new legislation is the ability to allocate funds from adult categories of service to dislocated workers, such as those workers in eastern Kentucky affected by the coal mine losses. Regular funds will be able for

incumbent worker training, which can eventually result in job creation of entry level positions in the workforce.

There will be increased partnerships under WIOA through High Impact Workforce Investment Boards, sector strategies, industry partnerships, career pathways, and an entrepreneurship partnership with the Kentucky Cabinet for Economic Development. There will continue to be a support for work-based learning programs focusing on apprenticeship, such as the TRACK program, earn and learn opportunities, high school outreach, and real world education and training. Integrated education and training will be achieved through the WIOA by programs such as Accelerating Opportunity and offering the opportunity for individuals to earn National Career Readiness Certificates.

The strategic plan for the WORKSmart program was updated in August 2013 after 22 of 25 action items were either put into effect or are in progress. One program underway is the Kentucky Career Center Network, which offers career counselors, workshops, and resources that are available locally. Also accessible are innovative job matching methods, such as individuals that apply for unemployment being alerted of job openings that require their particular skill set. There is also the Kentucky Skills Network, which is a collaboration involving the Kentucky Education and Workforce Development Cabinet, the Kentucky Cabinet for Economic Development, the Kentucky Community and Technical College System (KCTCS), and the Kentucky Labor Cabinet. This network efficiently works together to address the needs of businesses, companies, and industries by providing them with sector strategies, resources to strengthen their pipeline, and tactical planning for providing them with necessary resources. Commission Brinly noted the Work Ready Communities program, which gives individual counties the chance to cooperatively and methodically assist with economic and workforce development through soft skills development, National Career Readiness Certificates, digital literacy, and community involvement.

Commissioner Brinly discussed the National Governors Association Policy Academy on the Talent Pipeline, which made Kentucky one of 14 states to be chosen to participate in sharing ideas with other states regarding strategies and procedures. The four main areas are the vision, data analysis, partnerships, and resources and incentives. The vision is to utilize systematic planning with various partner agencies to expand the Work Ready Communities in the state, provide updates on the talent pipelines, and introduce Focus Explorer, which will be an online career counseling tool. Data analysis will be performed for the workforce, job training, and vocational rehabilitation to ensure that newly established programs are effective. Partnerships through the Kentucky Skills Network will be utilized as well as a partnership with the Kentucky FAME program, which uses training similar to that of an apprenticeship that can aid in producing adept workers for the state's talent pipelines. Resources will be reallocated to different areas to make certain the vision is being achieved and to utilize funds that are needed for

collaborative initiatives among agency partners.

Representative Palumbo commended Commissioner Brinly for using the phrase “family sustaining wages” during her presentation when referring to the segment on the National Governors Association Policy Academy on the Talent Pipeline and challenges faced in the state.

In response to Senator Wilson, the commissioner stated that the chief elected officials of workforce investment areas will be able to choose, competitively obtain, or maintain the fiscal agent for their area. She reiterated that the Workforce Innovation and Opportunity Act will go into effect July 2015. She stated that, after an audit of one of the workforce investment areas was performed and after a meeting with the chief elected official, the local board, and the fiscal agent, an action plan was developed and implemented when it was approved by the U.S. Department of Labor. Commissioner Brinly discussed how an area can be deemed an economic region. The law currently requires that all county judge executives agree upon whether an area can be considered its own economic area.

Senator Higdon expressed his appreciation for Commission Brinly and the great work that she has been doing. He said that he was pleased with Work Ready Communities program and the work-based learning programs.

Addressing a question posed by Representative Jenkins, Commission Brinly said that, through adult education programs such as Accelerating Opportunities and career counseling programs, individuals will be able to learn skills that will make them successful members of the workforce. She stated that the agency is aware that individuals with felonies are limited in career paths, but options concerning the juvenile justice system are being considered after the review of a program in New York.

Responding to Representative Thompson and his comments about the Close the Deal program, the commissioner stated that the program is needed for high students and their parents to be informed about resources and the necessary steps to be taken by a high school graduate to transition to college.

Representative Pullin complimented Commissioner Brinly and the Department Workforce Investment for their efforts to adjust to the Workforce Innovation and Opportunity Act.

Other Business

Co-Chair Kerr said the next meeting of the Interim Joint Committee on Economic Development and Tourism will be at 1 p.m. on November 20 in the Capitol Annex.

There being no further business, the meeting was adjourned.

INTERIM JOINT COMMITTEE ON LOCAL GOVERNMENT

Minutes of the 2nd Meeting of the 2014 Interim

August 27, 2014

Call to Order and Roll Call

The second meeting of the Interim Joint Committee on Local Government was held on Wednesday, August 27, 2014, at 10:00 AM, in West

Ballroom E of the Owensboro Convention Center in Owensboro, Kentucky. The meeting was held jointly with the Interim Joint Committee on State Government. Senator Joe Bowen, Co-Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Joe Bowen, Co-Chair; Representative Steve Riggs, Co-Chair; Senators Ernie Harris, Christian McDaniel, Morgan McGarvey, Albert Robinson, Dan “Malano” Seum, Damon Thayer, and Reginald Thomas; Representatives Ron Crimm, Brian Linder, Michael Meredith, Jody Richards, Jonathan Shell, Arnold Simpson, and Jim Wayne.

Guests: Representative Jim Gooch; Don Speer and Ryan Barrow, Finance and Administration Cabinet; Darrell Higginbotham, Independence Bank, Owensboro; Joyce Gruenewald, Malcolm Bryant Corporation; John Morton, Hampton Inn & Suites Downtown Owensboro/Waterfront; Al Mattingly, Daviess County Judge/Executive; and Ron Payne, Mayor, City of Owensboro.

LRC Staff: Mark Mitchell, John Ryan, and Peggy Sciantarelli.

Approval of Minutes

A motion to approve the minutes of the June 25 meeting was seconded and passed without objection.

Creating a Successful Public-Private Partnership

Representing the Finance and Administration Cabinet, Don Speer, Executive Director, Office of Procurement Services, and Ryan Barrow, Executive Director, Office of Financial Management, discussed public-private partnerships (P3s).

Mr. Speer and Mr. Barrow said that P3s are business relationships between government agencies and the private sector that provide new sources of project delivery and funding for public needs. P3s are typically used for transportation, housing, medical, and economic development projects and are predominantly procured through competitive bidding in a multi-phase process. Risk and success are shared, and transparency to the public is important. P3 contracts that include funding have an element of non-recourse financing, with the risk often on the private sector. Typically, new sources of equity financing by the private sector are more expensive than a traditional state bond transaction.

P3 projects are not new to Kentucky. The “Next Generation KY Information Highway” is a P3 project in the procurement process. The Commonwealth does not have sufficient or affordable statewide high-speed connectivity. Kentucky ranks 47th nationally in average broadband speed. An RFP has been issued for a vendor to design, build, and manage a new high-speed network and provide funding to bridge the gap between actual cost of the project and the amount provided by state and federal government. Another P3 project is for construction of a new office building in Frankfort under a lease/purchase arrangement approved by the legislature. The private sector will finance, construct, and operate the new building under a long term lease. At the end of the lease term, the Commonwealth will own the building. Private prisons, the state fuel testing lab, and Medicaid managed care are examples of other P3 projects.

A chief advantage of a P3 is the ability to assign risk to the private sector. P3s may accelerate project development, streamline strategies, and create jobs. They provide new sources of funding, and project timing and costs may be more certain and condensed. There also are disadvantages in that they involve complex negotiations and high transaction costs. Risks to the public entity may be difficult to determine. The private sector controls critical assets, and detailed termination arrangements may be necessary.

Mr. Speer and Mr. Barrow cited examples of P3 projects in other states that involved challenges. Chicago privatized its parking meters under a long-term lease with Morgan Stanley but sold its meters \$1 billion under their value. Rates escalated, and the city lost a \$61 million lawsuit filed by Morgan Stanley for street closures. A 2006 Indiana toll road project—a Spanish-Australian joint venture involving a 75-year lease—led to a heavy increase in tolls because traffic was less than projected. After Texas entered into a 50-year lease with private toll operator Cintra for State Highway 130, the highway did not attract enough traffic, and Cintra defaulted on its \$686 million in bank debt. They said P3s are a great tool but it is important to assess the risk and financing. Although P3s provide flexibility and a quicker delivery method, the requirement for additional approvals and processes may diminish the advantages.

In response to a question from Senator Bowen, Mr. Speer said the Finance and Administration Cabinet does not view P3s as cumbersome and is able to move forward with them under existing provisions of the procurement code and current law. He said he could not address local government or Transportation Cabinet issues because they may have different needs.

Senator Thomas discussed the use of public-private partnerships in his legislative district that enabled the University of Kentucky to construct new dormitories under a long-term lease arrangement.

Referring to the problematic P3 projects in Chicago and Indiana, Representative Yonts questioned whether there are adequate safeguards in the negotiation process. Mr. Barrow said contracts are complicated, predicated on feasibility studies and the best information available. It is difficult to predict the future. Contracts include safeguards such as termination provisions, but it may not be possible to build in enough safeguards. There will be problems if utilization is low or revenue is insufficient to maintain the project. When asked by Representative Yonts, Mr. Barrow said that protections against bankruptcy are built into contracts to the extent possible, but contractual provisions relating to project financing cannot account for the unknown.

Answering questions from Senator Seum, Mr. Barrow said that generally taxpayers would not be liable if the private entity fails to meet its obligations, but there may be a level of moral obligation and the likelihood of legislative action to address the problem. Financing or bonding of projects can be done several ways: shared, executed entirely by the private sector, or funded by the state through traditional bonding. Mr. Speer said that whether prevailing wage would apply to a P3 project would depend on the individual project and its location.

There was additional discussion of Chicago's poorly structured parking meter P3, which Senator McDaniel said was apparently used to improve cash flow and address structural imbalances in the city's operating budget. Mr. Barrow said his understanding is that the one-time revenue source from that P3 transaction was used to plug budgetary gaps. It was also directed in part toward the pension fund, infrastructure, and some long-term investment.

Representative Riggs said it was not the P3 concept that failed in the Chicago parking meter fiasco, but rather that the contract was poorly written and lacked necessary safeguards. He supports the P3 concept but stressed the importance of competitive bidding in the procurement process. Safeguards add to the complexity of a contract but also make it work. Inclusion of too many safeguards, though, may give the impression that risk is too high and may make it more difficult to create a partnership.

Responding to Representative Owens, Mr. Barrow said contracts must include termination arrangements to deal with situations if things do not go as planned. Negotiation of those provisions requires substantial due diligence. The reason for making a contract long term is generally to reduce risk for the parties involved.

Responding to Representative Wayne Mr. Speer said he cannot think of any occasion when a contract had been awarded without competitive bidding. If that were to occur, it would be an exception. The cabinet's default position is to require competitive bidding. He believes the procurement code is working successfully and needs no improvement or additional statutory safeguards.

Darrell Higginbotham, Daviess County President of Independence Bank, Joyce Gruenewald, Customer Relations Manager, Malcolm Bryant Corporation, and John Morton, General Manager, Hampton Inn and Suites Downtown Owensboro/Waterfront discussed how public-private partnerships have benefited the Owensboro area.

Mr. Higginbotham said Independence Bank is a \$1.4 billion financial institution serving nine counties in western Kentucky, with Daviess County being the largest market. He has been president since 2005, served as chairman of the Greater Owensboro Economic Development Corporation (EDC) from January 2008 through June 2010, and currently serves on the EDC board and as chairman of the Greater Owensboro Chamber of Commerce.

Mr. Higginbotham described the timetable that led to the revitalization of downtown Owensboro. It was accomplished by combining local resources, commitment, and leadership to successfully create P3s. The Owensboro convention center facility would not exist without the success of a local P3. Around 2005, Owensboro was awarded \$40 million in federal assistance to stabilize and protect the downtown riverfront. With a new riverfront on the horizon, local government and economic development leadership used the opportunity to investigate a downtown revitalization plan. EDC selected the nationally recognized firm, Gateway Printing Group of Austin TX, to develop the plan, and the public and private sectors partnered to fund it. This initial public-private partnership led to multiple P3s. EDC was not the

only organization to contribute. The Public Life Foundation of Owensboro played a critical role in educating the community and seeking public input. Multiple meetings and forums were held. The top priority emanating from those discussions was to transform downtown. Overwhelming community participation and enthusiasm throughout the plan development propelled local government leaders and organizations like EDC and the Greater Owensboro Chamber of Commerce to fully invest in seeing the plan through. The Gateway Plan was released in November 2008. Although there were news reports of dire economic forecasts during much of the plan development, the city commission passed an insurance premium tax in February 2009 with only one dissenting vote. Commitment to the plan was buoyed by the community's involvement and support and endorsements by the EDC, the Chamber, and the private sector. The Daviess County Fiscal Court was a critical partner and a significant financial investor, contributing \$20 million for the construction of the convention center. The partnership and communication between city and county government was essential.

The economic recession was still having significant impact when the Gateway Plan needed private investment. Malcolm Bryant, a local developer and entrepreneur, had previously been selected to develop the hotel through an RFP process. During this time, the city acquired the former Executive Inn property, approximately 17 acres strategically located downtown. The city invested \$1.6 million toward the purchase of a state office building. The city's investment and desire to control important real estate were invaluable in creating P3s. Malcolm Bryant worked with Independence Bank as a financial partner to fund the construction of a \$20 million state-of-the-art 150-room convention center hotel, at a time when some financial institutions had a moratorium on hospitality lending. The convention center was the cornerstone of the Gateway Plan since there could be no convention center without a new hotel.

A new market tax credit was identified as the most feasible financing structure, but it also became the greatest challenge. The complexity of the structure led to unanticipated legal and professional fees and time-consuming delays. The city of Owensboro, Malcolm Bryant Corporation, and Independence Bank were able to overcome significant hurdles to create a P3 for construction of the Hampton Inn and Suites Waterfront. Many credit this P3 as a stimulus to additional private investment and P3 creations. Joe Berry, Vice President of EDC, said it paved the way for the current Holiday Inn/Boardwalk project. Additional private investment has been announced, and more is anticipated. No state funds have been allocated in the construction of these projects.

Mr. Higginbotham said P3s can provide significant economic opportunity, especially when developed locally. Owensboro has demonstrated that successful P3s can lead to additional economic development. Streamlined business-friendly structures are needed, since complexities and cost could be a deterrent and make P3 formation difficult. He advised creating a framework in which decisions

and control are at the local level. Local governments must work together with a joint commitment and engage the community early and often. Opportunities such as a local option sales tax can provide the means to fund projects and potentially create significant economic stimulus. Owensboro's success was driven by a local entrepreneur, a local bank, and local government. The economic opportunity and promise overshadowed the risk and challenges of such a major endeavor. With a business-friendly P3 structure, local decision making, and funding options like a local option sales tax, other communities across the Commonwealth can replicate Owensboro's success.

Ms. Gruenewald testified for Malcolm Bryant, owner of the Malcolm Bryant Corporation. She said ground was broken for the Hampton Inn and Suites and the convention center on March 13, 2012. These dual projects were the necessary links in the success of the downtown revitalization project. A strong foundation is of paramount importance to any building, and in the case of the Hampton Inn and Owensboro convention center, it was important to cement the public-private partnership with trust. It was evident that the residents of Owensboro were supportive of the Hampton Inn project, and the city favored the projects because they could advance the riverfront. The public entrusted the company to finance and build a quality hotel. By developing partnerships with private sector entities, government can offer improvements at minimal cost to taxpayers. Creative government leaders understand that partnering with private entities can improve operations and services without increasing taxes.

There were times when a more streamlined approach would have been preferred in working with public officials on the Hampton Inn project. Communication and planning can become cumbersome. The private community is usually more flexible in decision making, and the public side also needs flexibility. The private side can authorize one or two people to make decisions; the public side should strive for this also. Efficiency is a major driver in the creation of a successful P3. Bureaucracy is the enemy of entrepreneurship in that it stifles creativity and burdens the process. The public side needs an entrepreneurial spirit.

Early success of the venture has surpassed projections, and both the company and the community have benefited. Communication with the local community, trust in the partners, and simplicity in the process contributed to the success of the Hampton Inn and convention center projects. With cooperation of public and private interests, there should be many further partnership opportunities for business development in Owensboro in the housing, restaurant, retail, and entertainment industries. A key reason for the hotel's success can be attributed to hotel manager John Morton and his management team.

Mr. Morton said more than 75,000 people attended over 123 events during the first 155 days of the convention center's operation. Global Spectrum, the convention center's management company, is bringing convention business back to the city. The center generated over 2,400 hotel room nights in the first six months. The two facilities need each other in

order to prosper, and they are accomplishing exactly what was planned. The city and the private sector agreed that a high level of quality had to be achieved. Building a 150-room downtown hotel without an excellent convention center would not have been practical or feasible. Management of the convention center by General Manager Dean Dennis and staff has been superb. Business is coming from Indiana, Ohio, Illinois, and other states. Several state conventions have returned to Owensboro.

Hampton Inn and Suites is privately funded and run locally. It is a lead hotel, designed with solar generating capabilities and state-of-the-art energy efficient measures. It is dependent upon the public for some amenities. The airport has been expanded, the downtown continues to be revitalized, and soon there will be a Bluegrass museum. Many new people are visiting Owensboro and Kentucky for the first time due to the combined efforts of the public and private sectors.

The Convention and Visitors Bureau, headed by Shannon Wetzel, reported receipts of \$49,255 in April and \$56,130 in May from the three percent hotel tax. The Bureau had never before taken in more than \$50,000 in a single month. Convention business and tourism is driving the increased revenue. Mr. Morton said this public-private partnership is working and he is pleased to be part of it. He commended the mayor, county judge/executive, Malcolm Bryant, and everyone involved for a job well done. He thanked Senator Bowen for his commitment to the state and city.

Senator Bowen said that a Holiday Inn is under construction on the west side of the convention center. He commended Matt Hayden, owner of Envision Contractors, and Glenn Higdon, CEO of LinGate, a company that develops and manages hotel properties, for their efforts to anchor the other side of the convention center with a new hotel that to enhance Owensboro's tourism business.

Area Local Government Issues

County Judge/Executive Al Mattingly said Owensboro is proud of what has been accomplished locally and regionally. The downtown has been transformed, and local government is being run like a business, keeping tax rates and service fees as low as possible. He supports the local option sales tax proposed by the LIFT (Local Investments for Transformation) Coalition. Revenue generated by the tax would be dedicated to funding specific projects chosen by a community-wide, citizen-driven process, and the tax would end when the projects are paid off. The LIFT process represents the essence of democracy because it would give local governments another option to pay for capital projects while involving local citizens in a democratic process. A similar initiative, Decision 2002, occurred in Owensboro in 1997. The city proposed a 50 percent increase in the occupational tax to fund needed capital improvement projects. An increase of .33 percent was proposed for public safety and drainage and a .17 percent increase for parks and other amenities. The initiative involved an unofficial vote by citizens on the tax increase. Nearly 50 percent of the unofficial ballots were returned, with 53 percent in favor of the increase for public safety projects. The .33 percent

tax increase paid for projects wanted by the citizens and was rolled back at the end of five years. He urged the legislators to look favorably on LIFT legislation when it is again proposed to the General Assembly.

Judge Mattingly discussed KRS 91A.392, which was amended in 2000 to allow counties containing second class cities to add a special two percent transient room tax to finance fine arts centers. All money collected from the tax must be applied toward retirement of the bond indebtedness. In 2003, Daviess County issued a \$2.27 million 25-year bond for work at the Riverpark Center and the Owensboro Museum of Fine Arts. By 2011, over \$1 million had accrued in excess of the bond requirement. Through an agreement with the city of Owensboro, excess money was used to retire the bonded debt on the Riverpark Center building, thus meeting the statute's requirement. Excess revenues are increasing again due mainly to the increase in tourism and refinancing of original bonds. Only Louisville, McCracken County, Boyd County, Warren County, and Daviess County have enacted the tax allowed by statute. Judge Mattingly asked that the General Assembly consider changing the law to permit excess money collected from the room tax to be used for projects without having to incur new debt. Daviess County projects that could benefit from this money include replacement of an elevator at the art museum, maintenance and renovation of a historic theater, and many other projects that meet the law's intent and would promote tourism. The fiscal court does not want to incur new debt. It has lowered county debt nearly 20 percent in the past four years.

Judge Mattingly discussed the need to rehabilitate historic buildings in Daviess County to comply with current building standards and the international energy code. The cost of meeting those requirements can be prohibitive, and it can be cheaper to tear down a building and build a new one. Without compromising safety, allowances should be made for remodeling older buildings. He said the General Assembly should look at some form of relief from regulations. Larry Conder, a local developer, knows firsthand the extra cost these regulations add to historic building rehabilitation. He may provide additional information after the meeting.

Owensboro Mayor Ron Payne said that what has happened in the city is phenomenal. In 2013, Owensboro was one of only 10 cities in the United States designated an All-American city by the National Civic League. The downtown and riverfront have been revitalized. The new development includes hotels, the convention center, restaurants, retail stores, the Boardwalk office building, condominiums, sidewalk and street renovation, a \$400 million state-of-the-art hospital, ice rink, National Guard armory, and highway improvements. The International Bluegrass Music Center and a new indoor tennis facility are under construction, and there are plans for a new senior center. The city is working with Owensboro's second largest employer, U. S. Bank Mortgage, to construct new office buildings in the Airpark. All of this activity has occurred within the last six years and was made possible through public-private partnerships. Mayor Payne played a video highlighting the new development.

After taking office, the mayor proposed doubling the insurance tax from four percent to eight percent to generate \$60 million for downtown improvements. The county partnered by doubling its tax to create an additional \$20 million. This was during the recession, but the Chamber of Commerce, the newspaper, and the economic development community were supportive. Because of the recession, costs would be down but jobs would be created. The private sector invested a similar amount in downtown revitalization. Malcolm Bryant, Matt Hayden, Jack Wells, and Larry and Rosemary Conder were some of the local developers and investors who helped revitalize by contributing substantial dollars.

Mayor Payne expressed appreciation for inclusion of funding in the state budget for Phase II of the Owensboro Community and Technical College's Advanced Technology Center. The city and county have each committed \$1 million toward the project. He hopes the legislature will consider giving Owensboro the ability to levy both a restaurant tax and a local option sales tax. With respect to the sales tax, however, he prefers an optional public vote. Elected officials are sometimes forced to make decisions that are not popular with the public; for example, he believes the insurance tax increase that helped begin the downtown redevelopment would not have passed if put to vote.

Representative Graham applauded the beauty of the riverfront development and complimented Owensboro for what it has accomplished through the leadership of its elected officials and members of the community and of Daviess County's representatives in the General Assembly. He is glad that Owensboro is showcasing its revitalization by hosting meetings of legislative committees. The Interim Joint Committee on Education, which he chairs, will meet at the convention center in October. He commended the city and county government for working together. He favors granting Owensboro the right to implement a local option sales tax.

Representative Miles, who represents Daviess County's House District 7, said that development of the riverfront, which was partially financed with federal funds, is a perfect example of how government can be an enabler and catalyst for great things to happen. Smothers Park and other parts of the revitalized riverfront are sources of local pride and have contributed to successful development in other areas of downtown. She called attention to the coal barges passing by on the Ohio River and emphasized the vital role of the coal industry and river in the county's economic development.

Senator Thayer congratulated Mayor Payne and everyone involved in Owensboro's successful renaissance. He spoke about the importance of western Kentucky coal in meeting the energy needs of the state and the nation and the importance of Kentucky's inland waterways in meeting those needs.

Representative Wayne thanked Mayor Payne and Judge Mattingly for their leadership but cautioned that a local option sales tax could possibly be regressive. He said its use would need to be carefully assessed for its impact on lower income citizens. Judge Mattingly said that he views the local option sales tax as progressive because those who can

afford to buy more would be paying more in sales tax. He thanked Representative Wayne for his comments and assured him that they will be considered by the committee that is promoting the sales tax.

Mayor Payne said he once worked in Tulsa, Oklahoma, where each year a LIFT project is proposed to voters, to be funded by a one cent sales tax. The program is called "a penny for progress" and was the impetus for the Decision 2002 initiative in Owensboro. He repeated his desire that the legislature consider giving Owensboro the ability to implement a local option sales tax.

Closing Comments and Adjournment

Representative Yonts thanked Owensboro city and county officials and community leaders for their good work and for the opportunity to meet in the convention center. He said his home of Muhlenberg County is engaged in a renaissance, though on a smaller scale than Owensboro.

Senator Bowen thanked his colleagues for coming to Owensboro. He said he and Daviess County's other representatives in the General Assembly are team players and realize that what is good across the Commonwealth is good for Owensboro and Daviess County. He expressed appreciation to the Owensboro residents who were present.

There being no further business, the meeting was adjourned at 11:53 a.m.

INTERIM JOINT COMMITTEE ON LOCAL GOVERNMENT

Minutes of the 4th Meeting of the 2014 Interim

October 22, 2014

Call to Order and Roll Call

The fourth meeting of the Interim Joint Committee on Local Government was held on Wednesday, October 22, 2014, at 10:00 AM, in Room 171 of the Capitol Annex. Representative Steve Riggs, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Joe Bowen, Co-Chair; Representative Steve Riggs, Co-Chair; Senators Ernie Harris, Christian McDaniel, Morgan McGarvey, R.J. Palmer II, Albert Robinson, Dan "Malano" Seum, Damon Thayer, and Reginald Thomas; Representatives Julie Raque Adams, Ron Crimm, Mike Denham, Toby Herald, Adam Koenig, Stan Lee, Brian Linder, Tom McKee, Michael Meredith, Jonathan Shell, Arnold Simpson, and Jim Wayne.

Guests: Bardstown Mayor Bill Sheckles; Williamsburg Mayor Roddy Harrison; LaRue County Judge/Executive Tommy Turner; Sadieville Mayor Claude Christensen; William May, Kentucky County Clerk's Association; Vince Lang, Kentucky County Judge/Executives Association; Shellie Hampton, Kentucky Association of Counties; Jon Steiner, J.D. Chaney, Tyler Campbell, Bert May, and Bryanna Carroll, Kentucky League of Cities; Prentice Harvey, State Farm Insurance; Michael Kurtsinger, Kentucky Firefighters Association; and Tom Bennett, Auditor of Public Accounts Office.

LRC Staff: Mark Mitchell, Joe Pinczewski-Lee,

and Cheryl Walters.

Approval of Minutes

Upon the motion of Representative Simpson and second by Representative Crimm, the minutes of the September 24, 2014 meeting were approved.

Kentucky League of Cities' Legislative Platform for 2015 Session of the General Assembly

Jon Steiner, Executive Director of the Kentucky League of Cities (KLC) said that KLC was pleased to have the opportunity to share its legislative priorities. He introduced KLC's new officers who would present the details of the legislative agenda: KLC President and Bardstown Mayor Bill Sheckles and KLC First Vice-President and Williamsburg Mayor Roddy Harrison.

Mayor Sheckles said that the KLC Board of Directors had recently completed its meeting to rank more than 24 legislative issues. KLC's top priorities include:

911 funding shortfall. KLC Board of Directors voted the 911 funding shortfall as the number one priority for the 2015 legislative session. Cities and counties have been forced to use more general fund resources to maintain the 911 service. Based on the FY 2013 Commercial Mobile Radio Services (CMRS) Board, local general fund dollars account for 40 percent of 911 funding. Local 911 landline fees make up 36 percent of 911 funding, with the state CMRS wireless fee accounting for 23 percent of local 911 fees.

KLC, along with the Kentucky Association of Counties (KACo) and the local and state public safety answering points (PSAPs), supported legislation last session that would have alleviated some of the financial pressures on local 911 operations. The KLC Board of Directors urges the General Assembly to support legislation during the 2015 legislative session that raises the statewide CMRS wireless fee to a reasonable level thereby offering meaningful relief to the 911 budgets of local governments, or support allowing local jurisdictions the ability to assess a wireless 911 fee similar to the landline fee in their communities. If the General Assembly refuses to raise the statewide CMRS fee, which is set in statute, then it should no longer preempt local governments from assessing local fees on wireless subscribers.

City revenue diversification. Cities are struggling with stagnant and declining revenue streams and rising expenses. Great strides were made by the General Assembly with the passage of SB 2 during the 2013 Regular Session. That legislation was critical in helping cities manage their costs. As the demands on aging city infrastructure continue to increase, and core services like public safety and sanitation services continue to increase, cities must have access to more diverse revenue options. The current revenue restrictions force local governments to have to seek revenue based on the productivity of businesses and their employees. Some amount of diversification would more fairly spread the cost among citizens.

Revenue diversification includes the opportunity to expand the restaurant tax to all Kentucky cities. Expanding the restaurant tax to all Kentucky cities would be a step forward in allowing local control for city governments. Cities want to let local elected

officials, not appointed officials, control how the majority of the revenues are spent.

Additionally, KLC's Board of Directors strongly supports a constitutional amendment to allow the voters to decide the issue of a temporary voter-approval local option sales tax for specific community projects. Last session, KLC and KACo agreed on enabling legislation that would allow cities and counties to proceed with ballot initiatives if the constitutional amendment on the local option sales tax passed the legislature. The enabling legislation has paved the way for a path forward for the local option sales in the General Assembly. Thirty-seven other states have successfully navigated the local option sales tax issue and have given local communities the ability to invest in themselves.

Road aid funding formula. KLC encourages the General Assembly to examine and support revisions to the state's road aid funding formula. While cities spend close to a quarter of a billion dollars a year on constructing and maintain around 10,000 miles of city streets, only around one-third of that money comes from intergovernmental sources, such as the state municipal road aid program and federal grants. The General Assembly established the road aid funding formulas in 1948 for municipal road aid, county road aid, and rural secondary aid. These antiquated formulas do not take into account lane miles, traffic counts, or other measures related to use or maintenance, which significantly impacts the most urban areas. Cities are asking for consideration of equitable reforms that will help get more funding to urban areas, including the more urbanized county governments, by including elements of road usage in the road aid calculations.

Mayor Harrison continued with the League's legislative agenda:

Drug abuse issues. The impact on the quality of life in communities related to drug abuse and the need to combat the heroin epidemic in Kentucky remains a priority for city leaders. Cities and state policy-makers must continue to explore avenues to address the destructive impact that addiction has on the quality of life in the communities, through the adoption of policies to ensure adequate penalties for those who put drugs in the streets and policies that provide opportunities for treatment and rehabilitation for those that become addicted. That is why KLC supports the bi-partisan legislation that was proposed by Senator Katie Stine last session and is being proposed by Senator McDaniel for the 2015 legislative session.

Elimination of Kentucky's prevailing wage law. The prevailing wage law has been an issue for cities for quite some time. These laws can cost the taxpayer of cities and other local governments 30 percent or more on their construction projects than a comparable construction project completed by entities not subject to prevailing wage. As taxpayers demand all levels of government to rein in costs, the elimination of prevailing wage means local governments can stretch dollars further for economic development and capital and infrastructure projects.

Amendment of anti-spiking provisions in retirement legislation. City leaders would like clarification in the anti-spiking provision. As it exists,

the law forces cities and taxpayers to pay additional money to the retirement systems for previous uncontrolled overtime costs and for increases in creditable compensation that occur following unpaid leave under the Family Medical and Leave Act (FMLA) and under workers' compensation. KLC worked with the legislature and other organizations to address this issue last session with SB 142, which did not pass. KLC believes a solution to the anti-spiking provisions that continues to prohibit spiking abuses while balancing the need for legitimate increases in creditable compensation during the final years of employment can be achieved in the 2015 Regular Session through legislation similar to SB 142.

Police officer bill of rights. City leaders are opposed to the further expansion of the Police Officer Bill of Rights to include internal disciplinary matters that have been largely left to city officials as employers. In addition, cities would like clarification of police statutes because the inconsistencies and the contradictory provisions in these laws frequently result in needless litigation, which ultimately costs taxpayers.

Occupational tax crediting between cities and counties. KLC opposes any extension and the expansion of the suspension of the occupational license tax crediting provisions. The importance of this issue will continue to grow in the absence of revenue diversification options being considered because cities and counties will continue to have to compete for the same limited number of revenue sources, which puts cities and the Commonwealth at the competitive disadvantage.

Newspaper publication reform. City officials would like to see KLC continue to work in conjunction with the Kentucky Press Association to modernize Kentucky's newspaper publication laws by incorporating online resources and other mediums to provide citizens more access to information about the operation of their city government in a more cost-efficient manner.

Protect home rule and city budgets. State officials can expect city leaders to vigorously oppose any bills that other interest groups will likely introduce that attempt to preempt local home rule authority or impose unfunded costs on the taxpayers. Protecting home rule is the core of KLC's entire legislative platform.

In response to a question from Representative Wayne, J.D. Chaney, KLC Deputy Executive Director, stated that KLC is working on legislation to change the road aid funding formula. A draft should be finished by the end of the interim. Representative Wayne suggested that KLC work with the Chairs of the Budget Review Subcommittee on Transportation and the Appropriations and Revenue Committee.

In response to a question from Representative Riggs, Representative Wayne said that the Budget Review Subcommittee on Transportation may have discussed the issue of the road aid funding formula, but the Appropriations and Revenue Committee had not. Representative Riggs said that there should be a meeting of one of those committees that would focus on the road aid formula issue. Senator Harris, co-chair of the Interim Joint Committee on Transportation, said the issue had not been discussed

in that committee. He said it is important for KLC to develop a concrete proposal for the Transportation Committee's review.

Senator Thayer said that prevailing wage should be set by the market place, not by a three-member panel appointed by the Governor. He urged KLC to start promoting the elimination of the prevailing wage law because it is wasting taxpayers' money. KLC has his support.

Representative Koenig thanked KLC for making the road aid fund formula one of its legislative priorities. Regarding the 911 funding shortfall, he said that local governments have levied a fee on landlines for years, and there is no reason not to extend the fee to cell phones because they provide the same service. He hopes the legislation will pass in 2015.

Senator Bowen commented that the inefficiencies of the 911 call centers should be reviewed. He encouraged KLC to take a broad, comprehensive look at call centers and determine how to make them more efficient. The whole 911 system needs to be studied. Mayor Sheckles agreed and said that insuring cell coverage and GIS mapping are expensive undertakings.

Representative Simpson said that Kenton County has an alternative means to collect 911 funding by putting a levy on tax bills. Mr. Chaney said that cities have explored several options. However, using only a property tax bill as a collection vehicle does not reflect the entire population of 911 users.

In response to a question from Senator Thomas, Tyler Campbell, KLC Staff, stated that repealing the cost recovery statutes that require taxpayers to pay for the cost of wireless providers for carrying 911 calls would free approximately \$4 million annually for local 911 services.

Representative Linder said that a flat fee should be considered for the 911 fee so some are not paying more for less service.

Kentucky Association of Counties' Legislative Platform for 2015 Session of the General Assembly

LaRue County Judge/Executive Tommy Turner and immediate past president of the Kentucky Association of Counties (KACo) said that KACo's membership is comprised of ten constitutionally elected offices: Commonwealths' attorneys, county attorneys, circuit court clerks, coroners, county clerks, jailers, judge/executives, magistrates and commissioners, PVAs, and sheriffs. As such, each office has its own independent association representing the interests of the members of that individual office. Each association participates on the KACo legislative committee and has one vote. Included in the committee members' folders is each affiliates' list of priority issues, which are: supporting stronger legislation to reduce heroin uses and treat addiction; supporting an increase in the training incentive for deputy sheriffs from the Kentucky Law Enforcement Foundation Program (KLEF); returning a higher percentage of coal severance dollars back to counties; stabilizing the state road fund through an adjustment of the floor on the gasoline tax; support for misdemeanor expungement reform; continuing to explore options for a dedicated source of fund for PVA offices; addressing the federal REAL I.D. Act's impact on the state; reaching an equitable

agreement with cities in sharing revenues derived from an occupational license fee; and allowing low-level misdemeanants to participate in inmate work programs; and the list continues.

In a majority of counties, the perennial issues of jails costs and retirement funding are the largest line items for the counties' budgets. Employer retirement costs are making their way to the number one expense for a handful of counties, supplanting jail expenses, which has been the greatest cost for several decades.

The two lead topics KACo continues to push to the top of its legislative agenda is E911 funding and local investments for transformation (LIFT). For the second consecutive year, a majority of counties have ranked E911 funding as the top priority. Current revenue sources for E911 funding include:

Landline fees. Local governments can adopt a monthly wireline surcharge to help cover the costs of E911 in their community. As more Kentuckians continue to abandon their land-based phones in favor of cell phones, this source of revenue is dwindling.

Wireless surcharge. The General Assembly established the monthly surcharge for wireless phones at 70 cents in 1998. That amount has not changed in 15 years. The surcharge accounted for approximately \$25 million in revenues, or about 23 percent of the total cost of E911 operations in Kentucky.

Neither of these two sources of revenue is sufficient in their current forms to cover the total cost of service. Local government general fund dollars are left to pay for the balance of funds needed, which amounted to around \$32 million in FY 2013. That subsidy accounts for almost half of the revenues needed for 911 operations. While the number of wireless calls received outnumbers the landline calls two to one, the revenues received from wireless phones pales in comparison to landline fees and local general fund dollars. Counties need the ability to correct this imbalance.

Last session's LIFT bills would have allowed local residents to request, and then vote up or down, a temporary sales tax increase to fund projects such as infrastructure improvements, senior citizen centers, parks, public facilities, or a compilation of projects residents deem important to their community and quality of life. LIFT legislation was also supported by KLC, the Kentucky Association of Economic Development, the Kentucky Chamber of Commerce, Governor Beshear, and all living governors.

The LIFT proposal would allow citizens to go to the polls and review the list of projects that would be funded with a temporary sales tax not to exceed one percent that would sunset upon payment of the debt. Counties believe the LIFT program is a valuable option to be utilized as needed, with full buy-in and approval from local voters on local projects. KACo urges the committee to give this legislation a closer look in 2015.

In response to a question from Representative Riggs, Judge Turner said that about ten years ago there were three times as many PSAPs. There has been a lot of merging of call centers so consolidation is occurring and will continue to occur. Local knowledge is valuable. 911 centers are more efficient than most levels of government because of the technology they have built in.

In response to a question from Representative Wayne, Judge Turner stated that KACo recognizes the importance for rural counties to get adequate and affordable cell phone and internet service throughout the state.

In response to a question from Senator Robinson, Judge Turner said KACo has not done an in-depth study to see if the consolidation of call centers has been cost effective.

Regarding a question from Representative Simpson, Judge Turner stated that he did not know the specifics regarding coal severance money given back to the counties. Representative Simpson expressed concerns over a centralized tax distribution system.

Senator Thayer expressed similar concerns about a centralized system and commented that he would like KLC and KACo to work at passing a telecommunications reform act during the 2015 session.

Representative McKee commented that it is important to have 911 services in rural areas. 911 funding must be addressed. He is glad to see that KACo and KLC have this issue as their top priority.

Senator Thomas said that he felt everyone on the committee would agree that landline usage is declining, and that the 70 cent fee does not have the purchasing power it once had.

Representative Koenig stated that local officials are entrusted to make decisions affecting their communities and should be allowed to do so without unnecessary influence from the General Assembly.

Representative Wayne said that KACo and the area development districts should work together on the telecommunications issue. He is opposed to the telecommunications reform act.

Representative Riggs announced that the last meeting of the interim will be November 19.

There being no further business, the meeting was adjourned at 11:45 a.m.

INTERIM JOINT COMMITTEE ON NATURAL RESOURCES AND ENVIRONMENT

Minutes of the 5th Meeting of the 2014 Interim

October 2, 2014

Call to Order and Roll Call

The 5th meeting of the Interim Joint Committee on Natural Resources and Environment was held on Thursday, October 2, 2014, at 1:00 PM CDT, at Century Aluminum Company in Hawesville, Kentucky. Representative Jim Gooch Jr., Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Jim Gooch Jr., Co-Chair; Senators Joe Bowen, Jerry P. Rhoads, and Johnny Ray Turner; Representatives Reginald Meeks, Tim Moore, John Short, Fitz Steele, and Jim Stewart III.

Legislative Guests: Senator Dorsey Ridley, Representative Suzanne Miles, and Representative Tommy Thompson.

Guests: Mr. John Hoerner, Mr. Shawn Burn, Mr. Brian Helm, Mr. John DeZee, and Mr. Jaren Brooks,

Century Aluminum Company.

LRC Staff: Tanya Monsanto, Stefan Kasacavage, and Kelly Blevins.

Century Aluminum

A quorum was not present. Chairman Gooch introduced Mr. John Horn, Vice President North American Operations for Century Aluminum. Mr. Horn welcomed members to the Century Aluminum plant and stated that during the 2013 session an independent study described aluminum as a dying industry in the United States. However, Century Aluminum has two plants, one at Hawesville and the other at Sebree. He said that, although the industry faces constraints, there is opportunity for growth and development.

Sean Byrne, plant manager of the Sebree plant for Century Aluminum, stated that Century's purchase of Sebree was strategic and there is a plan to take advantage of new markets for aluminum in the automobile industry. Century has moved from lower grade aluminum and plans to take advantage of demand for premium aluminum product. By January 2015, Hawesville and Sebree will produce only premium product for automobiles. Century Aluminum has spent \$10 million at Sebree; the company will produce slabs and rolls aluminum into sheets for automobile bodies. Some product is also used in aerospace. Expansion at Hawesville will cost around \$25 million and should produce 40 new jobs. The aluminum industry is not dying, but companies must reposition themselves for new growth and opportunities in the market.

In response to a question as to whether aluminum will be shipped by truck or by rail and whether Century would need assistance with transportation costs similar to how the General Assembly assisted A.K Steel, Mr. Horn said that Century Aluminum will use both truck and rail. Mr. Horn said that the plants will continue to refurbish equipment.

In response to a question about how much of Century's aluminum is used in Kentucky, Mr. Horn said that most of the metal is used in the Midwest, and he did not know the percentage used in Kentucky. Mr. Byrne said that Alcoa purchases ingots for roll directly from Century. Chairman Gooch added that molten aluminum is also sold to Southwire.

In response to several remarks about how the aluminum industry has increased job opportunities, added over \$2 billion in total economic investment in the area, and improved the communities that are home to both the Hawesville and Sebree plants, Mr. Horn stated that if Century approves the most recent project consideration then the company will hire 40 new employees. The company is positioning itself to deliver aluminum to the automotive industry. The Ford F150 is redesigning to have an aluminum bed and body. Even with the newer body, there is increased payload with the truck. The new aluminum bodies are preferred and have performed better than heavier trucks with less aluminum. Also, there is less corrosion.

In response to a remark that Southwire Rod and Cable take a large amount of Century's aluminum, Mr. Horn said that Century pays attention to competitors such as Alcoa. Century's board has invested \$130 million in factories in Kentucky, whereas competitors

have invested overseas. There are constraints facing the industry. The transmission system is the most serious constraint because it is not robust enough to handle the full load of two smelters, and there are situations where Century is forced to shut down operations. When shutdowns occur, Century loses millions of dollars. New transmission is needed so the company does not have to shut down pot lines for aluminum.

Mr. Brian Helms described problems with transmission in greater detail. Electricity, unlike other resources, is instantaneous, automatic, and cannot be stored for future use. If a transmission line goes out of service for any reason, all generation flows are interrupted. The current transmission service has too much congestion. The line capacity is too small for the entire electric generating load. The solution is to build a new American Electric Power transmission line from the Rockport plant, which is only 15 miles away. The Midwest Independent System Operators (MISO) agrees this will solve congestion, but there are issues that must be addressed before a line can be built. There must be resolution about whether or when Wilson and Coleman electric generating plants will be retired. In the meantime, the Century plants will continue to face congestion pricing.

In response to a question on how long Century has been looking at Rockport in terms of a new transmission line, Mr. Helms said it has occurred since spring 2014. After a request from Century, MISO began investigating the efficacy of the line. Mr. Horn added that from Century's standpoint a new transmission line needs to be approved and constructed to advance economic development in this area. Century's pot lines are at risk, but the company must wait until MISO approves the project. Development will stagnate without it. Century's board has a commitment to run the smelters in Kentucky.

Mr. John DeZee, Associate General Counsel for Century Aluminum, remarked that without the transmission line, economic development is capped in the region. The companies do not want to relocate. Mr. Michael Baker, Director, Industrial Foundation for Hancock County, stated that Century's investment in the smelters is no accident. It is directly related to the growth in the automobile industry.

Chairman Gooch remarked that there is potential for growth, and the General Assembly should embrace it. The nation is shifting from fossil fuels for baseload generation, and this concerns all businesses in terms of reliability and affordable electricity rates. The Southern States Energy Board is pushing back against the Clean Air Act 111(d) requirements. There is no storage of electricity; we can only store feedstocks for electricity. Newer fuels being considered cannot be stored. Kentucky is jeopardizing the current system of baseload generation.

In response to a remark about whether the committee should seek to influence MISO, Chairman Gooch stated that the Kentucky Public Service Commission will have to approve the transmission line and the interconnection with the Big Rivers electric system. The committee should take time to review the issue before taking any action.

In response to a question on whether Section 111(d) will affect Big Rivers, Mr. Robert

Berry, President and CEO of Big Rivers Electric Corporation, stated that there is uncertainty. The 111(d) requirements will affect the company. There may be a mass emission rate. Chairman Gooch added that different states have different carbon footprints. Kentucky has an 18 percent reduction, but Kentucky has different resources. State by state analysis rather than an average estimate of impact is needed to fully understand the ramifications of imposing these emission reduction requirements on states. The United States Environmental Protection Agency has only used the latter.

Mr. Robert Barry added that the Century discussion is overly simplified. The transmission issues are much more complex. Plant closures to the north of the area could impact which transmission line works. All decisions regarding transmission will be made by MISO, not the PSC. When the Coleman plant is up and running, that should resolve part of the transmission issue in this area. Also, the Wilson plant should continue running through 2015-2016. Mr. Horn responded that Rockport may not be the right line, but the transmission system is still inadequate and must be improved. If Ford, Toyota, and other manufacturers go towards the aluminum body, then there will be a four to five million ton per year increase in the use of aluminum. If Century cannot supply that demand, then aluminum will be imported from Russia and the Middle East. These areas are too risky, which is why the transmission is needed now in Kentucky.

Representative Moore commented that an aerial photograph of the plant will be made available to the committee members. The meeting adjourned at 2:08 PM CST.

INTERIM JOINT COMMITTEE ON STATE GOVERNMENT Minutes of the 2nd Meeting of the 2014 Interim

August 27, 2014

Call to Order and Roll Call

The second meeting of the Interim Joint Committee on State Government was held on Wednesday, August 27, 2014, at 10:00 AM (CDT), in Owensboro, KY, at the Owensboro Convention Center. The meeting was a joint meeting with the Interim Joint Committee on Local Government. Senator Joe Bowen, Co-Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Joe Bowen, Co-Chair; Representative Brent Yonts, Co-Chair; Senators Ernie Harris, Christian McDaniel, Morgan McGarvey, Albert Robinson, Dan "Malano" Seum, Damon Thayer, and Reginald Thomas; Representatives Dwight Butler, Jim Glenn, Derrick Graham, Mike Harmon, Kenny Imes, James Kay, Martha Jane King, Jimmie Lee, Mary Lou Marzian, David Meade, Suzanne Miles, Brad Montell, Darryl Owens, Tom Riner, Steven Rudy, Diane St. Onge, Tommy Thompson, John Tilley, Ken Upchurch, and Jim Wayne.

Guests: Representative Jim Gooch; Don Speer and Ryan Barrow, Finance and Administration

Cabinet; Darrell Higginbotham, Independence Bank, Owensboro; Joyce Gruenewald, Malcolm Bryant Corporation; John Morton, Hampton Inn & Suites Downtown Owensboro/Waterfront; Al Mattingly, Daviess County Judge/Executive; and Ron Payne, Mayor, City of Owensboro.

LRC Staff: Alisha Miller, Karen Powell, Terrance Sullivan, and Peggy Sciantarelli.

Approval of Minutes

A motion to approve the minutes of the June 25 meeting was seconded and passed without objection.

Creating a Successful Public-Private Partnership

Representing the Finance and Administration Cabinet, Don Speer, Executive Director, Office of Procurement Services, and Ryan Barrow, Executive Director, Office of Financial Management, discussed public-private partnerships (P3s).

Mr. Speer and Mr. Barrow said that P3s are business relationships between government agencies and the private sector that provide new sources of project delivery and funding for public needs. P3s are typically used for transportation, housing, medical, and economic development projects and are predominantly procured through competitive bidding in a multi-phase process. Risk and success are shared, and transparency to the public is important. P3 contracts that include funding have an element of non-recourse financing, with the risk often on the private sector. Typically, new sources of equity financing by the private sector are more expensive than a traditional state bond transaction.

P3 projects are not new to Kentucky. The "Next Generation KY Information Highway" is a P3 project in the procurement process. The Commonwealth does not have sufficient or affordable statewide high-speed connectivity. Kentucky ranks 47th nationally in average broadband speed. An RFP has been issued for a vendor to design, build, and manage a new high-speed network and provide funding to bridge the gap between actual cost of the project and the amount provided by state and federal government. Another P3 project is for construction of a new office building in Frankfort under a lease/purchase arrangement approved by the legislature. The private sector will finance, construct, and operate the new building under a long term lease. At the end of the lease term, the Commonwealth will own the building. Private prisons, the state fuel testing lab, and Medicaid managed care are examples of other P3 projects.

A chief advantage of a P3 is the ability to assign risk to the private sector. P3s may accelerate project development, streamline strategies, and create jobs. They provide new sources of funding, and project timing and costs may be more certain and condensed. There also are disadvantages in that they involve complex negotiations and high transaction costs. Risks to the public entity may be difficult to determine. The private sector controls critical assets, and detailed termination arrangements may be necessary.

Mr. Speer and Mr. Barrow cited examples of P3 projects in other states that involved challenges. Chicago privatized its parking meters under a long-term lease with Morgan Stanley but sold its meters \$1 billion under their value. Rates escalated, and the city

lost a \$61 million lawsuit filed by Morgan Stanley for street closures. A 2006 Indiana toll road project—a Spanish-Australian joint venture involving a 75-year lease—led to a heavy increase in tolls because traffic was less than projected. After Texas entered into a 50-year lease with private toll operator Cintra for State Highway 130, the highway did not attract enough traffic, and Cintra defaulted on its \$686 million in bank debt. They said P3s are a great tool, but it is important to assess the risk and financing. Although P3s provide flexibility and a quicker delivery method, the requirement for additional approvals and processes may diminish the advantages.

In response to a question from Senator Bowen, Mr. Speer said the Finance and Administration Cabinet does not view P3s as cumbersome and is able to move forward with them under existing provisions of the procurement code and current law. He said he could not address local government or Transportation Cabinet issues because they may have different needs.

Senator Thomas discussed the use of public-private partnerships in his legislative district that enabled the University of Kentucky to construct new dormitories under a long-term lease arrangement.

Referring to the problematic P3 projects in Chicago and Indiana, Representative Yonts questioned whether there are adequate safeguards in the negotiation process. Mr. Barrow said contracts are complicated, predicated on feasibility studies and the best information available. It is difficult to predict the future. Contracts include safeguards such as termination provisions, but it may not be possible to build in enough safeguards. There will be problems if utilization is low or revenue is insufficient to maintain the project. When asked by Representative Yonts, Mr. Barrow said that protections against bankruptcy are built into contracts to the extent possible, but contractual provisions relating to project financing cannot account for the unknown.

Answering questions from Senator Seum, Mr. Barrow said that generally taxpayers would not be liable if the private entity fails to meet its obligations, but there may be a level of moral obligation and the likelihood of legislative action to address the problem. Financing or bonding of projects can be done several ways: shared, executed entirely by the private sector, or funded by the state through traditional bonding. Mr. Speer said that whether prevailing wage would apply to a P3 project would depend on the individual project and its location.

There was additional discussion of Chicago's poorly structured parking meter P3, which Senator McDaniel said was apparently used to improve cash flow and address structural imbalances in the city's operating budget. Mr. Barrow said his understanding is that the one-time revenue source from that P3 transaction was used to plug budgetary gaps. It was also directed in part toward the pension fund, infrastructure, and some long-term investment.

Representative Riggs said it was not the P3 concept that failed in the Chicago parking meter fiasco, but rather that the contract was poorly written and lacked necessary safeguards. He supports the P3 concept but stressed the importance of competitive bidding in the procurement process. Safeguards add to the complexity of a contract but also make it work.

Inclusion of too many safeguards, though, may give the impression that risk is too high and may make it more difficult to create a partnership.

Responding to Representative Owens, Mr. Barrow said contracts must include termination arrangements to deal with situations if things do not go as planned. Negotiation of those provisions requires substantial due diligence. The reason for making a contract long term is generally to reduce risk for the parties involved.

Responding to Representative Wayne Mr. Speer said he cannot think of any occasion when a contract had been awarded without competitive bidding. If that were to occur, it would be an exception. The cabinet's default position is to require competitive bidding. He believes the procurement code is working successfully and needs no improvement or additional statutory safeguards.

Darrell Higginbotham, Daviess County President of Independence Bank, Joyce Gruenewald, Customer Relations Manager, Malcolm Bryant Corporation, and John Morton, General Manager, Hampton Inn and Suites Downtown Owensboro/Waterfront, discussed how public-private partnerships have benefited the Owensboro area.

Mr. Higginbotham said Independence Bank is a \$1.4 billion financial institution serving nine counties in western Kentucky, with Daviess County being the largest market. He has been president since 2005, served as chairman of the Greater Owensboro Economic Development Corporation (EDC) from January 2008 through June 2010, and currently serves on the EDC board and as chairman of the Greater Owensboro Chamber of Commerce.

Mr. Higginbotham described the timetable that led to the revitalization of downtown Owensboro. It was accomplished by combining local resources, commitment, and leadership to successfully create P3s. The Owensboro convention center facility would not exist without the success of a local P3. Around 2005, Owensboro was awarded \$40 million in federal assistance to stabilize and protect the downtown waterfront. With a new riverfront on the horizon, local government and economic development leadership used the opportunity to investigate a downtown revitalization plan. EDC selected the nationally recognized firm, Gateway Printing Group of Austin TX, to develop the plan, and the public and private sectors partnered to fund it. This initial public-private partnership led to multiple P3s. EDC was not the only organization to contribute. The Public Life Foundation of Owensboro played a critical role in educating the community and seeking public input. Multiple meetings and forums were held. The top priority emanating from those discussions was to transform downtown. Overwhelming community participation and enthusiasm throughout the plan development propelled local government leaders and organizations like EDC and the Greater Owensboro Chamber of Commerce to fully invest in seeing the plan through. The Gateway Plan was released in November 2008. Although there were news reports of dire economic forecasts during much of the plan development, the city commission passed an insurance premium tax in February 2009 with only one dissenting vote. Commitment to the plan was

buoyed by the community's involvement and support and endorsements by the EDC, the Chamber, and the private sector. The Daviess County Fiscal Court was a critical partner and a significant financial investor, contributing \$20 million for the construction of the convention center. The partnership and communication between city and county government was essential.

The economic recession was still having significant impact when the Gateway Plan needed private investment. Malcolm Bryant, a local developer and entrepreneur, had previously been selected to develop the hotel through an RFP process. During this time, the city acquired the former Executive Inn property, approximately 17 acres strategically located downtown. The city invested \$1.6 million toward the purchase of a state office building. The city's investment and desire to control important real estate were invaluable in creating P3s. Malcolm Bryant worked with Independence Bank as a financial partner to fund the construction of a \$20 million state-of-the-art 150-room convention center hotel, at a time when some financial institutions had a moratorium on hospitality lending. The convention center was the cornerstone of the Gateway Plan since there could be no convention center without a new hotel.

A new market tax credit was identified as the most feasible financing structure, but it also became the greatest challenge. The complexity of the structure led to unanticipated legal and professional fees and time-consuming delays. The city of Owensboro, Malcolm Bryant Corporation, and Independence Bank were able to overcome significant hurdles to create a P3 for construction of the Hampton Inn and Suites Waterfront. Many credit this P3 as a stimulus to additional private investment and P3 creations. Joe Berry, Vice President of EDC, said it paved the way for the current Holiday Inn/Boardwalk project. Additional private investment has been announced, and more is anticipated. No state funds have been allocated in the construction of these projects.

Mr. Higginbotham said P3s can provide significant economic opportunity, especially when developed locally. Owensboro has demonstrated that successful P3s can lead to additional economic development. Streamlined business-friendly structures are needed, since complexities and cost could be a deterrent and make P3 formation difficult. He advised creating a framework in which decisions and control are at the local level. Local governments must work together with a joint commitment and engage the community early and often. Opportunities such as a local option sales tax can provide the means to fund projects and potentially create significant economic stimulus. Owensboro's success was driven by a local entrepreneur, a local bank, and local government. The economic opportunity and promise overshadowed the risk and challenges of such a major endeavor. With a business-friendly P3 structure, local decision making, and funding options like a local option sales tax, other communities across the Commonwealth can replicate Owensboro's success.

Ms. Gruenewald testified for Malcolm Bryant, owner of the Malcolm Bryant Corporation. She said ground was broken for the Hampton Inn and Suites and

the convention center on March 13, 2012. These dual projects were the necessary links in the success of the downtown revitalization project. A strong foundation is of paramount importance to any building, and in the case of the Hampton Inn and Owensboro convention center, it was important to cement the public-private partnership with trust. It was evident that the residents of Owensboro were supportive of the Hampton Inn project, and the city favored the projects because they could advance the riverfront. The public entrusted the company to finance and build a quality hotel. By developing partnerships with private sector entities, government can offer improvements at minimal cost to taxpayers. Creative government leaders understand that partnering with private entities can improve operations and services without increasing taxes.

There were times when a more streamlined approach would have been preferred in working with public officials on the Hampton Inn project. Communication and planning can become cumbersome. The private community is usually more flexible in decision making, and the public side also needs flexibility. The private side can authorize one or two people to make decisions; the public side should strive for this also. Efficiency is a major driver in the creation of a successful P3. Bureaucracy is the enemy of entrepreneurship in that it stifles creativity and burdens the process. The public side needs an entrepreneurial spirit.

Early success of the venture has surpassed projections, and both the company and the community have benefited. Communication with the local community, trust in the partners, and simplicity in the process contributed to the success of the Hampton Inn and convention center projects. With cooperation of public and private interests, there should be many further partnership opportunities for business development in Owensboro in the housing, restaurant, retail, and entertainment industries. A key reason for the hotel's success can be attributed to hotel manager John Morton and his management team.

Mr. Morton said more than 75,000 people attended over 123 events during the first 155 days of the convention center's operation. Global Spectrum, the convention center's management company, is bringing convention business back to the city. The center generated over 2,400 hotel room nights in the first six months. The two facilities need each other in order to prosper, and they are accomplishing exactly what was planned. The city and the private sector agreed that a high level of quality had to be achieved. Building a 150-room downtown hotel without an excellent convention center would not have been practical or feasible. Management of the convention center by General Manager Dean Dennis and staff has been superb. Business is coming from Indiana, Ohio, Illinois, and other states. Several state conventions have returned to Owensboro.

Hampton Inn and Suites is privately funded and run locally. It is a lead hotel, designed with solar generating capabilities and state-of-the-art energy efficient measures. It is dependent upon the public for some amenities. The airport has been expanded, the downtown continues to be revitalized, and soon there

will be a Bluegrass museum. Many new people are visiting Owensboro and Kentucky for the first time due to the combined efforts of the public and private sectors.

The Convention and Visitors Bureau, headed by Shannon Wetzel, reported receipts of \$49,255 in April and \$56,130 in May from the three percent hotel tax. The Bureau had never before taken in more than \$50,000 in a single month. Convention business and tourism is driving the increased revenue. Mr. Morton said this public-private partnership is working and he is pleased to be part of it. He commended the mayor, county judge/executive, Malcolm Bryant, and everyone involved for a job well done. He thanked Senator Bowen for his commitment to the state and city.

Senator Bowen said that a Holiday Inn is under construction on the west side of the convention center. He commended Matt Hayden, owner of Envision Contractors, and Glenn Higdon, CEO of LinGate, a company that develops and manages hotel properties, for their efforts to anchor the other side of the convention center with a new hotel to enhance Owensboro's tourism business.

Area Local Government Issues

County Judge/Executive Al Mattingly said Owensboro is proud of what has been accomplished locally and regionally. The downtown has been transformed, and local government is being run like a business, keeping tax rates and service fees as low as possible. He supports the local option sales tax proposed by the LIFT (Local Investments for Transformation) Coalition. Revenue generated by the tax would be dedicated to funding specific projects chosen by a community-wide, citizen-driven process, and the tax would end when the projects are paid off. The LIFT process represents the essence of democracy because it would give local governments another option to pay for capital projects while involving local citizens in a democratic process. A similar initiative, Decision 2002, occurred in Owensboro in 1997. The city proposed a 50 percent increase in the occupational tax to fund needed capital improvement projects. An increase of .33 percent was proposed for public safety and drainage and a .17 percent increase for parks and other amenities. The initiative involved an unofficial vote by citizens on the tax increase. Nearly 50 percent of the unofficial ballots were returned, with 53 percent in favor of the increase for public safety projects. The .33 percent tax increase paid for projects wanted by the citizens and was rolled back at the end of five years. He urged the legislators to look favorably on LIFT legislation when it is again proposed to the General Assembly.

Judge Mattingly discussed KRS 91A.392, which was amended in 2000 to allow counties containing second class cities to add a special two percent transient room tax to finance fine arts centers. All money collected from the tax must be applied toward retirement of the bond indebtedness. In 2003, Daviess County issued a \$2.27 million 25-year bond for work at the Riverpark Center and the Owensboro Museum of Fine Arts. By 2011, over \$1 million had accrued in excess of the bond requirement. Through an agreement with the city of Owensboro, excess money was used to retire the bonded debt on the

Riverpark Center building, thus meeting the statute's requirement. Excess revenues are increasing again due mainly to the increase in tourism and refinancing of original bonds. Only Louisville, McCracken County, Boyd County, Warren County, and Daviess County have enacted the tax allowed by statute. Judge Mattingly asked that the General Assembly consider changing the law to permit excess money collected from the room tax to be used for projects without having to incur new debt. Daviess County projects that could benefit from this money include replacement of an elevator at the art museum, maintenance and renovation of a historic theater, and many other projects that meet the law's intent and would promote tourism. The fiscal court does not want to incur new debt. It has lowered county debt nearly 20 percent in the past four years.

Judge Mattingly discussed the need to rehabilitate historic buildings in Daviess County to comply with current building standards and the international energy code. The cost of meeting those requirements can be prohibitive, and it can be cheaper to tear down a building and build a new one. Without compromising safety, allowances should be made for remodeling older buildings. He said the General Assembly should look at some form of relief from regulations. Larry Conder, a local developer, knows firsthand the extra cost these regulations add to historic building rehabilitation. He may provide additional information after the meeting.

Owensboro Mayor Ron Payne said that what has happened in the city is phenomenal. In 2013, Owensboro was one of only 10 cities in the United States designated an All-American city by the National Civic League. The downtown and riverfront have been revitalized. The new development includes hotels, the convention center, restaurants, retail stores, the Boardwalk office building, condominiums, sidewalk and street renovation, a \$400 million state-of-the-art hospital, ice rink, National Guard armory, and highway improvements. The International Bluegrass Music Center and a new indoor tennis facility are under construction, and there are plans for a new senior center. The city is working with Owensboro's second largest employer, U. S. Bank Mortgage, to construct new office buildings in the Airpark. All of this activity has occurred within the last six years and was made possible through public-private partnerships. Mayor Payne played a video highlighting the new development.

After taking office, the mayor proposed doubling the insurance tax from four percent to eight percent to generate \$60 million for downtown improvements. The county partnered by doubling its tax to create an additional \$20 million. This was during the recession, but the Chamber of Commerce, the newspaper, and the economic development community were supportive. Because of the recession, costs would be down but jobs would be created. The private sector invested a similar amount in downtown revitalization. Malcolm Bryant, Matt Hayden, Jack Wells, and Larry and Rosemary Conder were some of the local developers and investors who helped revitalize by contributing substantial dollars.

Mayor Payne expressed appreciation for inclusion of funding in the state budget for Phase

II of the Owensboro Community and Technical College's Advanced Technology Center. The city and county have each committed \$1 million toward the project. He hopes the legislature will consider giving Owensboro the ability to levy both a restaurant tax and a local option sales tax. With respect to the sales tax, however, he prefers an optional public vote. Elected officials are sometimes forced to make decisions that are not popular with the public; for example, he believes the insurance tax increase that helped begin the downtown redevelopment would not have passed if put to vote.

Representative Graham applauded the beauty of the riverfront development and complimented Owensboro for what it has accomplished through the leadership of its elected officials and members of the community and Daviess County's representatives in the General Assembly. He is glad that Owensboro is showcasing its revitalization by hosting meetings of legislative committees. The Interim Joint Committee on Education, which he chairs, will meet at the convention center in October. He commended the city and county government for working together. He favors granting Owensboro the right to implement a local option sales tax.

Representative Miles, who represents Daviess County's House District 7, said that development of the riverfront, which was partially financed with federal funds, is a perfect example of how government can be an enabler and catalyst for great things to happen. Smothers Park and other parts of the revitalized riverfront are sources of local pride and have contributed to successful development in other areas of downtown. She called attention to the coal barges passing by on the Ohio River and emphasized the vital role of the coal industry and river in the county's economic development.

Senator Thayer congratulated Mayor Payne and everyone involved in Owensboro's successful renaissance. He spoke about the importance of western Kentucky coal in meeting the energy needs of the state and the nation and the importance of Kentucky's inland waterways in meeting those needs.

Representative Wayne thanked Mayor Payne and Judge Mattingly for their leadership but cautioned that a local option sales tax could possibly be regressive. He said its use would need to be carefully assessed for its impact on lower income citizens. Judge Mattingly said that he views the local option sales tax as progressive because those who can afford to buy more would be paying more in sales tax. He thanked Representative Wayne for his comments and assured him that they will be considered by the committee that is promoting the sales tax.

Mayor Payne said he once worked in Tulsa, Oklahoma, where each year a LIFT project is proposed to voters, to be funded by a one cent sales tax. The program is called "a penny for progress" and was the impetus for the Decision 2002 initiative in Owensboro. He repeated his desire that the legislature consider giving Owensboro the ability to implement a local option sales tax.

Closing Comments and Adjournment

Representative Yonts thanked Owensboro city and county officials and community leaders for their good work and for the opportunity to meet in the

convention center. He said his home of Muhlenberg County is engaged in a renaissance, though on a smaller scale than Owensboro.

Senator Bowen thanked his colleagues for coming to Owensboro. He said he and Daviess County's other representatives in the General Assembly are team players and realize that what is good across the Commonwealth is good for Owensboro and Daviess County. He expressed appreciation to the Owensboro residents who were present.

There being no further business, the meeting was adjourned at 11:53 a.m.

INTERIM JOINT COMMITTEE ON STATE GOVERNMENT

Minutes of the 4th Meeting of the 2014 Interim

October 22, 2014

Call to Order and Roll Call

The fourth meeting of the Interim Joint Committee on State Government was held on Wednesday, October 22, 2014, at 1:00 PM, in Room 154 of the Capitol Annex. Senator Joe Bowen, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Joe Bowen, Co-Chair; Representative Brent Yonts, Co-Chair; Senators Ernie Harris, Stan Humphries, Christian McDaniel, Morgan McGarvey, R. J. Palmer II, Albert Robinson, Damon Thayer, and Reginald Thomas; Representatives Kevin Bratcher, Dwight Butler, John Carney, Larry Clark, Leslie Combs, Joseph Fischer, Derrick Graham, Mike Harmon, James Kay, Martha Jane King, Jimmie Lee, Mary Lou Marzian, David Meade, Suzanne Miles, Brad Montell, Sannie Overly, Darryl Owens, Tanya Pullin, Tom Riner, Bart Rowland, Steven Rudy, Sal Santoro, Diane St. Onge, Tommy Turner, Ken Upchurch, and Jim Wayne.

Guests: Chief Justice John Minton, Kentucky Supreme Court; Senator John Schickel; Joe Cowles and Sharron Burton, Personnel Cabinet.

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

Introductory Comments

Senator Robinson and Representative Marzian recognized constituents in the audience. Senator Robinson also spoke about a Bath County constituent who died recently at age 107.

Approval of Minutes

The minutes of the September 24 meeting were approved without objection upon motion by Representative Marzian.

Kentucky Employees' Health Plan (KEHP)

Joe Cowles, Commissioner, Department of Employee Insurance, and Sharron Burton, Deputy Executive Director, Office of Legal Services, represented the Personnel Cabinet. At the September meeting, Mr. Cowles and Ms. Burton discussed the 2015 plan year and 2014 accomplishments but were asked to return to the October meeting for further discussion.

Mr. Cowles said KEHP began a three-year

strategic approach in 2012 to promote personal health awareness and increase health and insurance literacy. Using the "LivingWell" brand, the 2014 plan design integrated wellness and introduced consumer-driven plan options. Results have been good. Members became more educated in choosing a health plan and understanding the true cost of medical services and prescription drugs. The completion rate for the health assessment was 97.5 percent. Members who failed to fulfill the LivingWell Promise in 2014 will be eligible only for the standard plan options in 2015. If failure was due to a physical or mental health condition, KEHP will work with the member to develop an alternative way to qualify for LivingWell plan options.

The LivingWell plans offer better benefits in the form of lower member coinsurance, lower deductibles, and lower out-of-pocket maximums. Enrollment was 81 percent in LivingWell plans in 2014, and 43 percent of members chose a consumer-driven (CDHP) plan. In 2013, early (pre-65) retirees were not eligible for CDHP-type plans because of a legal interpretation by Kentucky Retirement Systems, but 27 percent of early retirees chose CDHP plans in 2014. Total CDHP enrollment increased from 12,869 in 2013 to 65,142 in 2014. The generic prescription rate increased from 80 percent to 83 percent, saving KEHP several million dollars. The number of employees electing tobacco use plans increased 28.72 percent due to expansion of the product range, extension of the smoker rate to adult dependents, and explicit reference to the tobacco use surcharge in enrollment literature. KEHP achieved its health awareness and cost transparency goals for 2014.

The wellness approach is making progress and leading to a cultural change in member health awareness. In the past, it was not uncommon for KEHP to incur monthly medical expense of \$110-\$115 million. In 2014, the cost has not exceeded \$100 million in any month. Participation in disease management and wellness programs has increased. Medical and pharmacy trends are good.

The 2015 Requests for Proposals (RFPs) brought significant savings to KEHP. For the first time in history KEHP was able to keep premiums flat for the new plan year. Premiums are reduced for some tiers of the Standard CDHP plan. Anthem Blue Cross Blue Shield (Anthem) will replace Humana as medical network and claims administrator. Anthem has operated in Kentucky for over 75 years and is the largest insurance carrier in the state. The network includes all hospitals and 96 percent of providers. CVS/Caremark, the new pharmacy benefits administrator, is the second largest in the country, with a national network of over 67,000 pharmacies. WageWorks is the new administrator of flexible spending accounts (FSAs) and health reimbursement arrangements (HRAs). Humana Vitality and Compass SmartShopper (formerly Compass ChoiceRewards) will continue to partner with KEHP. More than 2,000 KEHP members have utilized Compass since the pilot program began in 2013, earning incentives of over \$200,000.

Plan options for 2015 are the same as for 2014. LivingWell plans require the plan holder to fulfill the LivingWell Promise by completing either the online

Humana Vitality Health Assessment or a Vitality Check (biometric screen) between January 1 and May 1, 2015. The biometric screening and other preventive services are covered 100 percent. Copays for allergy injections and mental health office visits have been reduced. A cap on out-of-pocket pharmacy costs is a benefit enhancement of the two PPO plans.

For the first time, up to \$500 of unused healthcare FSA funds will carry over to the next calendar year. Due to federal law changes, employees who are eligible to waive KEHP health insurance coverage in 2015 and choose a Waiver (general purpose) HRA may do so only if the employee has other group health coverage that provides minimum value. Members covered by individual policies purchased through Kynect or governmental plans such as Tricare, Medicare, or Medicaid are no longer eligible.

Responding to Senator Bowen, Mr. Cowles said health care costs in Kentucky have traditionally been higher because of the population's poor health status. The cost trend is improving, however. Medical and pharmacy spending was down in 2014. KEHP is planning a cost trend study of the 2014 plan year.

Representative Graham commended the Personnel Cabinet and the executive branch administration for their hard work to provide affordable health care for state employees and teachers.

Responding to a request from Representative Riner, Mr. Cowles said he would e-mail information to him about the 2013 Gallup-Healthways Well-Being Index.

Representative St. Onge said KEHP informational materials should clarify that ineligibility for the Waiver (general purpose) HRA applies to individual policies purchased directly from an insurance company as well as individual policies purchased through Kynect. KEHP should also clarify that claims to be paid from FSA funds must be substantiated by March 31 of the following year.

When Representative Harmon asked whether the cabinet followed up with members who failed to complete the LivingWell Promise in 2014, Mr. Cowles said the members were sent letters on May 31, and their insurance coordinators were notified. A grievance process was also in place.

Responding to Representative Carney, Mr. Cowles said that members who default into the Standard CDHP plan in 2015 for failure to complete the LivingWell Promise will retain eligibility for LivingWell plans in 2016.

When Representative Montell asked about future solvency of the insurance fund, Mr. Cowles said that initial cost projections are positive, so long as there is not a massive increase in utilization. There may be small cost increases in 2016, but a major increase is not anticipated.

Representative Marzian said she appreciates the mental health copay decrease, the 90-day supply pharmacy option, and the Compass SmartShopper program. She also commended the decision by CVS pharmacies to quit selling tobacco products.

Senator Bowen thanked Mr. Cowles and suggested that he consider having an open forum for members of the General Assembly who express a

need for additional information.

Judicial Redistricting

John D. Minton, Jr., Chief Justice of the Kentucky Supreme Court, discussed Kentucky Constitution provisions governing appellate districts, judicial circuits, and judicial districts, and plans for future realignment of district boundaries.

Chief Justice Minton said Section 110(4) of the Constitution states that the General Assembly may redistrict the Commonwealth, by counties, into seven Supreme Court districts as nearly equal in population and as compact in form as possible, with one justice from each Supreme Court district. Current appellate districts were last realigned by the General Assembly in 1972.

Senator Thayer expressed concern about caseload size in northern Kentucky and Jefferson County and other heavily populated areas. He questioned whether judicial redistricting should be based on population, within the plus or minus five percent parameter used for redrawing legislative districts.

Chief Justice Minton said the 1972 district boundaries were proposed without benefit of computerized population data. The "one person, one vote" principle that has been imposed by the federal courts does not apply to the judiciary. Unlike the legislature, the state judiciary is not the body responsible for achieving representative government. Judges do not represent people; they serve people.

Kentucky Constitution sections 112(2) and 113(2) require judicial circuits and districts to be as compact in form as possible, with counties contiguous and no county divided. The General Assembly has power to reduce, increase, or rearrange district boundaries, but the need must first be certified by the Supreme Court. The General Assembly may also change the number of judges in judicial circuits and districts, but only upon certification of necessity by the Supreme Court. There is little difference between the maps of the existing 56 judicial circuits and 59 judicial districts.

Kentucky Constitution Section 112(6) created family courts as a division of circuit court. Family courts are in 71 counties and serve approximately 85 percent of the state population. There are 51 family court judges. Chief Justice Minton said he is concerned that the judicial system has not been able to make family court available in every circuit. It is a goal of the judicial system to ensure that justice is delivered equally to all citizens. Judges must be conveniently located to the people they serve but do not have to be distributed on a per capita basis. The Constitution requires circuit and district court to be held in each county. These principles were adopted in 1972 in *Kentucky State Bar Association v. Taylor*, which opined that the "one man, one vote" principle should not and does not apply to the judiciary. The 1850 and 1891 Kentucky Constitutions instructed the General Assembly, when undertaking judicial redistricting, to consider population, accessibility, convenience, distance between counties, crowded dockets, and disproportionate workload of judges. Though not required in the current Constitution, those factors remain important.

The 2014 Judicial Branch budget bill (House

Bill 238) directs the Administrative Office of the Courts (AOC) to develop and implement a weighted caseload system to precisely measure and compare judicial caseloads throughout the Commonwealth on the circuit court, family court, and district court levels for the purpose of recommending a plan to realign circuit and district judicial boundaries. It also states that the plan shall be submitted to the House and Senate Judiciary Committees by January 15, 2016. The AOC Judicial Workload Assessment Study Committee is holding its first meeting today. The National Center for State Courts (NCSC) will assist with the study. NCSC has conducted similar studies and established weighted caseloads for courts in other states, including Virginia, West Virginia, North Carolina, Florida, Alabama, and Michigan. Goals of the study are: develop a system for measuring workload of trial judges; determine the number of judges needed to resolve all cases coming before the courts; allocate resources effectively and efficiently; and provide a thorough understanding of judicial workload as a necessary first step in the process of judicial boundary realignment. Caseload does not always reflect actual workload. Population is important since it significantly impacts workload, but it is only one factor to be considered. The study committee's membership includes district, circuit, and court of appeals judges, circuit clerks, and prosecutors.

Senator John Schickel discussed Senate Bill 72, relating to judicial redistricting, which he sponsored in the 2014 regular session. The legislation, which passed the Senate, would require the Supreme Court, in years where legislative redistricting is required, to analyze the geographical arrangement of judicial circuits and districts and the assignment of judges relative to population or caseload. Senator Schickel said the General Assembly should assist the judiciary by providing guidelines. Current district alignment does not afford equal justice under law. He commended Chief Justice Minton for addressing this important issue.

Senator Schickel asked that a letter he received recently from Senate President Robert Stivers in support of Senate Bill 72 be entered into the meeting record. (Senator Stivers' letter is included in the official record of this meeting on file in the Legislative Research Commission library.)

Responding to Senator Bowen, Senator Schickel said he agrees with Justice Minton that caseload does not necessarily mirror actual workload. AOC is to be commended for the workload study. Enactment of a plan based on the study results may be difficult politically. It will require a cooperative effort between AOC and the General Assembly.

Responding to questions from Representative Yonts, Chief Justice Minton said that redrawing of appellate district boundaries can be done at any session of the General Assembly. AOC will need to work aggressively in order to complete the workload study and present a proposed realignment of judicial circuits and districts to the Judiciary Committee by January 2016. It will be necessary to define how cases will be counted, since the method differs between counties and involves many in the legal community. There will be widespread interest and

concern after the study results become public. It is important for the validity of the process to be as open as possible and invite input from all parties involved. It is a difficult issue that will call for statesmanship from both the judicial and legislative branches. Any proposed boundary realignment will not impact the terms of sitting judges.

Responding to comments from Representative Owens, Chief Justice Minton said the General Assembly will ultimately have to decide whether to accept AOC's recommendations. He does not expect unanimity but hopes that everyone involved will agree that the process is fair. Representative Owens questioned whether the "suggested plan of correction" language in Senate Bill 72 may need to be changed to agree with language empowering the General Assembly in Constitution Sections 112 and 113. Senator Schickel said he believes the legislation is constitutional as drafted but can be amended if necessary.

Senator Thayer said that the General Assembly redrew appellate districts in the 2012 House and Senate redistricting legislation that was subsequently ruled out by the courts. He suggested that the General Assembly consider redrawing Court of Appeals and Supreme Court districts in the 2015 regular session. Efforts could then be concentrated on realignment of judicial circuits and districts. After results of the workload study mandated by the judicial branch budget bill are presented to the General Assembly in January 2016, input can be sought from the judicial and legal community.

Senator Schickel said equal justice for all citizens is the main issue. It is also important to increase funding to the judicial branch. This would require assurance that resources are properly allocated, which is impeded by the current geographical arrangement of districts and caseload imbalance.

Responding to questions from Representative Fischer, Chief Justice Minton said that population does not impact workload in the appellate districts because cases are assigned statewide to the 14 court of appeals judges and seven supreme court justices. He anticipates that the workload assessment study recommendations will be specific in nature. They will also be fully vetted publicly.

Representative St. Onge said the General Assembly may or may not want to change the plan eventually proposed by AOC but probably should review it and accept it as submitted. The workload study will be fact-based with widespread input, and the recommendations will be proposed by those who have the proper expertise.

Senator Robinson stated for the record his belief that it is unfair and unconstitutional for Franklin Circuit Court to try cases filed in other areas of the state. He is concerned that those cases are not being tried by their peers or in close proximity to where they originate.

Representative Graham said that Franklin Circuit Court resides at the seat of state government, where laws are made. Circuit judges serving there have been recognized as outstanding by their peers.

Senator Bowen thanked Justice Minton and said the General Assembly looks forward to receiving results of the workload assessment study. With

business concluded, the meeting was adjourned at 2:50 p.m.

INTERIM JOINT COMMITTEE ON STATE GOVERNMENT

Task Force on Elections, Constitutional Amendments, and Intergovernmental Affairs Minutes of the 1st Meeting of the 2014 Interim

September 23, 2014

Call to Order and Roll Call

The 1st meeting of the Task Force on Elections, Constitutional Amendments, and Intergovernmental Affairs of the Interim Joint Committee on State Government was held on Tuesday, September 23, 2014, at 1:00 PM, in Room 171 of the Capitol Annex. Representative Darryl T. Owens, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Darryl T. Owens, Co-Chair; Senators Ernie Harris, Morgan McGarvey, R.J. Palmer II, Albert Robinson, and Damon Thayer; Representatives Kevin D. Bratcher, Larry Clark, Derrick Graham, Mike Harmon, Mary Lou Marzian, Sannie Overly, and Bart Rowland.

Guests: Peter Wagner, Executive Director, Prison Policy Initiative; Trey Grayson, President and CEO of the Northern Kentucky Chamber of Commerce and Member of the Presidential Commission on Election Administration.

LRC Staff: Karen Powell, Greg Woosley, Terrance Sullivan, and Terisa Roland.

Prison Population Allocation for Redistricting – Review of 2010 Redistricting and Looking Forward to the 2020 Decennial Census

The task force discussed how prison populations are counted and allocated by the census and the effect that the current allocation has on redistricting. Peter Wagner, Executive Director of the Prison Policy Initiative, gave an overview on issues related to prison populations and how prisoners are counted by the census.

Mr. Wagner stated that he had been working for the last 14 years to identify and quantify the problem that the U.S. Census Bureau creates for states due to a century-old decision to count prisoners for the decennial census where they are incarcerated rather than at their last known residential addresses. There are more people in prison by absolute numbers based on a percentage of population than ever before, which creates a geographic problem in that the population comes from all over the state but is then concentrated by the census count in a small number of facilities that are often in rural areas and clustered next to other prison facilities. Taken together, the state and federal prison population could constitute a majority of persons in a House of Representative district.

Mr. Wagner stated that counting prisoners in the facility where they are incarcerated creates a demographic problem, in that African-American citizens are incarcerated in Kentucky at a rate five times higher than white citizens. As one example, 97 percent of African-American persons in Morgan County are incarcerated; this anomaly does not accurately reflect the population demographics in

the communities where the prisons are located. The effect of the census count decision also results in shifts of relative vote strength and representation in redistricting. He gave an example from Anamosa, Iowa, where a man won a city council seat with only two votes because the district was almost entirely populated by a prison facility.

Mr. Wagner advocated for a solution to count the prison population at the prisoner's last known residential address, either by the Census Bureau changing its policy or by the state requiring reallocation of the prison population back to that address. In the last few years, Maryland, New York, Delaware, and California have passed laws requiring prison population reallocation. Maryland and New York used the process in the post-2010 census redistricting cycle, which in both cases was upheld following legal challenges. Numerous local communities, including several in Kentucky, removed prison populations for local legislative redistricting in the most recent cycle.

Mr. Wagner described three key features of how a bill would accomplish reallocation: (1) require the state prison system to collect basic demographic and geographic data on its incoming prison population; (2) require the prison system to share that data with the Legislative Research Commission to allow the population counts to be adjusted; and (3) require the state and local redistricting authorities to use the adjusted data for redistricting. The third requirement is especially important because his experience is that local communities often believe they do not have the authority to reallocate on their own and are looking for guidance from the state legislature before undertaking the process.

In response to questions by Chair Owens regarding where prisoners would be counted, Mr. Wagner stated that the ideal solution is that a statewide reallocation dataset would be used by state and local redistricting authorities. Funding formulas are largely not affected by state redistricting data, and therefore a reallocation dataset would not impact local community funding. Responding to a question by Senator Harris regarding how federal prisoners would be counted, Mr. Wagner stated that the bill could include a process to request data from the federal Bureau of Prisons to also reallocate that population, but he noted that the federal government cannot be compelled to comply with state law. In response to a question from Senator Robinson about whether local jail populations should be reallocated, Mr. Wagner noted that the administrative burden of attempting to reallocate jail populations in 120 counties may not justify including that process, but that, if a regional or local jail were determined to be sufficiently important to state or local demographics, it could be included.

Mr. Wagner gave a PowerPoint presentation to accompany his testimony, a paper copy of which was distributed to the members at the meeting and is available in the Legislative Research Commission library.

Report and Recommendations of the Presidential Commission on Election Administration–January, 2014

The task force discussed the January, 2014 Report and Recommendations of the Presidential

Commission on Election Administration. Trey Grayson, former Secretary of State, President and CEO of the Northern Kentucky Chamber of Commerce, and member of the Presidential Commission that prepared the report, gave an overview of the report and its recommendations. A portion of the 112 page report was provided to the members that included the key recommendations, and the full report can be accessed online at supportthevoter.gov.

Mr. Grayson stated that President Barack Obama asked his campaign attorney, Bob Bauer, and Ben Ginsburg, the campaign attorney for both Mitt Romney and President George W. Bush, about forming a bipartisan commission to study how election administration could be improved. President Obama then issued an Executive Order identifying ten key areas of study. A ten-member commission was established to conduct the study and make key recommendations. Mr. Grayson noted that at the outset an important decision was made to set aside the key issues that often divided people, such as the Voting Rights Act and voter identification laws, and to instead focus on areas where the members could reach consensus to really improve the election day experience.

Mr. Grayson stated that the commission was made up of local and state election administrators, people from the private sector; he was the only former elected official. The commission held public hearings in Cincinnati, Philadelphia, Denver, and Miami, and members attended a variety of summer conferences around the country to gather feedback from election administrators to achieve the goal of improving the voter experience. The focus of the study was how to achieve the goal through local and state level changes and not to propose sweeping federal reforms.

Mr. Grayson said that the full report had a number of recommendations, but that four main recommendations were highlighted in the introduction or executive summary: (1) modernizing voter registration; (2) increasing access to the polls; (3) better managing of election day; and (4) improving voting system certification. He focused on three of these topics and slightly reorganized the recommendations to include discussion on voter registration, "planning smarter," and better management of the election day experience.

As to voter registration, Mr. Grayson highlighted three key improvements for states. Prior to the Help America Vote Act (HAVA) there was very little registration list matching between the states because few states had comprehensive statewide voter registration databases. However, HAVA mandated statewide databases, and today there are more than 30 states that cooperate in the Interstate Crosscheck program to upload and compare state registration lists. A number of other states use a system known as the Electronic Registration Information Center (ERIC), which collects even more data, to assist states in cleaning up voter registration lists. Both programs help the states maintain more accurate lists, which saves money, reduces delays on election day, and benefits candidates who request voter lists. He highlighted Arizona's procedure of allowing voters to update voter registration information online, which is a recommended reform that leads to more accurate

lists, saves time for voters, reduces errors, and is more cost effective than requiring paper updates that must be processed by county officials. The third key improvement is the use by a number of states of electronic poll books that help speed voters through lines, assist in redirecting voters to the correct voting precinct or polling location, facilitate data collection for planning purposes, and reduce administrative work and expense.

In the area of planning smarter, Mr. Grayson said that a key failure of administration often involves a lack of understanding of how long it takes a voter to cast a ballot and how to appropriately deploy resources to process voters on election day. A key improvement is a resource calculator, developed by the commission, that can help election administrators solve planning issues by using the number of voting stations, the anticipated number of voters, and the time required to vote.

The commission studied how to lay out a ballot to reduce the time required for a voter to process and cast a ballot and developed best practices for election administrators. The commission found that absentee ballot tracking systems can make election day administration work more smoothly because a key holdup is often with voters who are flagged as having requested an absentee ballot, but who then choose not to return the ballot and instead show up at the polls on election day to vote.

In the area of managing the election day experience, the commission studied how Disney World has worked to improve processing large crowds and the overall experience. One feature is displaying a video that runs continuously throughout the waiting area for a roller coaster that demonstrates how to enter the car for the ride; this reduced wait times by ten percent. Disney World collects and utilizes data to estimate how many people are in the park at any point in time and riding particular rides; if a variance is noted, the park can investigate any reduction in expected performance. Wait times are also measured by giving persons a timing device when they enter a line and then collecting the device at the end of the line when the persons reach the ride. Disney World has instituted scheduling of ride times ("Fast Pass") to allow park visitors to reduce wait times for certain rides, developed processes to remedy problems without holding up lines, and constructed activity centers for children to play in while waiting for child-centric rides.

In the context of elections, election administrators could better utilize sample ballots to instruct voters on the process they are about to encounter (analogous to ride videos), experiment with allowing voters to schedule times to cast ballots with little or no waiting (like Fast Pass), appoint specific poll workers to deal with voter issues while allowing the line to continue progressing, and develop children's activities for polling centers that might make the experience better for parents who bring children to the polls.

Several members voiced their opinions and concerns on the topic, with a primary concern on issues central to voter participation, the experience at the polls, and confidence in the process.

A copy of the portion of the Report and Recommendations of the Presidential Commission

on Election Commission that was provided to the members can be found in the Legislative Research Commission library.

There being no further business, the meeting was adjourned at 2:00 p.m.

INTERIM JOINT COMMITTEE ON TRANSPORTATION

Minutes of the 5th Meeting of the 2014 Interim

October 7, 2014

Call to Order and Roll Call

The 5th meeting of the Interim Joint Committee on Transportation was held on Tuesday, October 7, 2014, at 1:00 PM, in Room 149 of the Capitol Annex. Representative Hubert Collins, Chair, called the meeting to order, and the secretary called the roll. The minutes from the September 2, 2014 Interim Joint Committee on Transportation meeting were approved.

Present were:

Members: Senator Ernie Harris, Co-Chair; Representative Hubert Collins, Co-Chair; Senators Jimmy Higdon, Ray S. Jones II, Morgan McGarvey, Dorsey Ridley, Albert Robinson, John Schickel, Johnny Ray Turner, and Whitney Westerfield; Representatives Kevin D. Bratcher, Denver Butler, Leslie Combs, Tim Couch, David Floyd, Keith Hall, Toby Herald, Kenny Imes, Jimmie Lee, Charles Miller, Terry Mills, Rick G. Nelson, Tanya Pullin, Marie Rader, Steve Riggs, Sal Santoro, John Short, Arnold Simpson, Diane St. Onge, John Will Stacy, Jim Stewart III, David Watkins, and Addia Wuchner.

Legislative Guests: Representative Brian Linder

Guests: Adam Edelen, Auditor of Public Accounts; Christopher J. Bedell, Vice President and General Counsel, The David J. Joseph Company, River Metals Recycling, Kentucky Recyclers Association; Steve Levetan, Executive Vice President, Pull A Part, Kentucky Recyclers Association

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

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

Adam Edelen, Auditor of Public Accounts, discussed the findings of the report "Examination of Certain Policies, Procedures, Controls, and Financial Activity of the Cincinnati/Northern Kentucky International Airport (CVG)." He stated the primary focus of the investigation and report was to evaluate the current government structure of the airport board, as well as examine some of the board's financial activity. The report has lead him to conclude that decades of waste and abuse and dysfunction between the board and airport management in recent years are largely a symptom of an outdated and flawed government structure that does not reflect the regional significance of the airport.

Auditor Edelen stated that CVG is routinely ranked one of the most expensive airports in the country and has lost approximately 500 daily flights and approximately 17 million passengers since 2005. The reduction is largely due to consolidation

in the airline industry; however, the CVG boards continued dysfunction cannot be permitted to hinder the airports ability to attract new carriers and flights which help grow the economy of the region. The airport generates more than 16,000 direct and indirect jobs for the region; \$2.7 billion in spending by CVG operations, construction, and visitors annually; as well as \$92 million a year in taxes to Kentucky and Ohio. Auditor Edelen stated for too long CVG has operated as a political appendage of one person, the Kenton County Judge Executive. The Kenton County Judge Executive controls the airport that serves the metropolitan area of 2.1 million people and is critical to the economic vitality of the region and to two states, Kentucky and Ohio. Auditor Edelen proposed reform to bring much needed accountability and representation that reflects all of the stakeholders of the regional asset. He suggested a complete overhaul of the CVG board structure and has made recommendations to the Governor as well as to the General Assembly to make statutory changes in the 2015 Legislative Session. Auditor Edelen stated the reforms that must be made should be developed and driven by Northern Kentuckians and that his recommendations are a starting point to drive conversation to enact the reform.

Currently, the Kenton County Judge Executive appoints all seven of the voting members of the CVG board, as well as a majority of the board's 11 member advisory committee, which does not have the power to vote. The board structure has created confusion and chaos among the board and advisory committee members, and it increases the risk of political influence affecting board member decisions. Auditors found a document created by the outgoing Kenton County Judge Executive outlining criteria for ideal board members. Among those criteria was the current or future support of the Judge's campaign. Auditor Edelen recommended an 11 member CVG board with each member having equal standing and voting authority. Kenton County should have the highest number of board appointments to reflect the historical significance of Kenton County to the airport. The Auditor's recommended board structure includes: 1) three members appointed by the Kenton County Judge Executive, with confirmation by the fiscal court; 2) two members appointed by the Boone County Judge Executive, with confirmation by the fiscal court; 3) one member appointed by the Campbell County Judge Executive, with confirmation by its fiscal court; 4) two members appointed by the Governor of Kentucky; 5) one member appointed by the Governor of Ohio; 6) one member appointed by the Mayor of Cincinnati, with confirmation of its council; and 7) one member appointed by the Hamilton County Board of Commissioners.

Auditor Edelen stated that restructuring the CVG Board was the first and most significant finding of the audit recommendations. The report also contains 11 additional findings and recommendations relating to contracts, travel, and spending. Auditors found that the CVG board engaged a contractor for \$60,000 for public relations services that were not bid out, without first consulting the CVG staff. Several months after the contract was initiated, the CEO requested that all invoices for the PR firm be

approved by the board chair because the professional staff could not attest to any work being performed by the contractor. The discord between the board and the management appears to have played a role in selecting a contractor that resulted in potentially duplicative services.

Auditors also found that the board engaged in the services of another contractor for \$25,000 to duplicate the work of the auditor's office, and that no formal written contract had existed for decades between the board and its legal firm despite CVG spending millions of dollars on these legal services.

The examination found excessive spending on travel to industry conferences, including expenses associated with the outgoing Kenton County Judge Executive and to board members and their spouses' meals. The Cincinnati/Northern Kentucky International Airport Board spent more than \$100,000 on travel and meals at four conferences. At one conference in Canada in 2012, CVG sent 11 board and advisory committee members, in addition to the CEO, board attorney, and the Kenton County Judge Executive. CVG-affiliated individuals represented 26 percent of all conference attendees. Ironically, the national association that sponsors the conferences indicates, as the primary best practice for running an effective airport organization, that no single entity should dominate the member appointment process to any airport board.

Auditor Edelen added that extravagant spending and travel and other airport perks have continued for decades despite public and media scrutiny, referring to an article that was written in the Kentucky Post in 1998 detailing much of the same findings as the current audit report. The question remains as to why the same issues have continued. He believes that it is due to a flawed and outdated government structure of the CVG board.

Auditor Edelen acknowledged Kenton County Judge Executive Elect Knochelmann, who is running unopposed in the November election, and his role in driving for CVG reform. He added that there have been measures of self correction taken by the CVG board.

Chairman Collins stated any board has a public trust to spend the money entrusted to it as if it were the board members' own money. He said that, in certain instances, it seems as if the CVG board has forgotten that.

Representative Simpson stated he appreciated the work of the auditors' office and agrees with the crucial need for transparency. He disagreed with Auditor Edelen's conclusion that there have been decades of waste and abuse from CVG and its board, as it is his understanding that most instances have occurred recently. He reiterated that Kenton County taxpayers gave their tax resources for the startup of the Cincinnati/Northern Kentucky International Airport, and therefore the problem that has arisen is a Kenton County issue and not a northern Kentucky regional issue. He agreed that several board members have abused power and resources recently, but did not agree that abuse has been occurring for decades. Representative Simpson stated that the report was too broad and needed to be more detailed. Auditor Edelen respectfully disagreed with Representative

Simpsons' statements. He said that CVG is not listed as an asset or a liability to Kenton County on any balance sheet, and therefore the notion that CVG is a Kenton County asset is fiction. CVG is its own self-sustaining special purpose government entity, and that the Kenton County Fiscal Court is not even a secondary or tertiary recipient of the debt or the bonds that are promulgated by the airport. Although the taxpayers of Kenton County helped start CVG, it was primarily a \$2 million grant awarded by the War Department in the 1940s that helped start the airport.

Representative Wuchner thanked the auditors for being respectful of the significance of the history of the airport board and the significance of the region and for the recommendations addressing the issues. In response to a question from Representative Wuchner addressing the governance problem with the nonvoting and voting members of the board and advisory committee, Auditor Edelen stated that the power to vote is the power that is needed for all entities to have a fair voice in the operations of CVG. Advisory committee members may have input, but when they do not have the right to vote on issues, the input may become null and void. Auditor Edelen stated that the only people able to vote on the governance of CVG are those board members appointed by one person, the Kenton County Judge Executive.

In response to a question from Representative Wuchner, Auditor Edelen stated that the Louisville International Airport board's members are appointed by the mayor of Louisville, and those appointments are confirmed by the Louisville Metro Council. There are also appointments made to the board by the Governor. Auditor Edelen said that, after much research on other airports and their boards, his opinion is that the most successful airports are those with operations involving a diversity of opinions. The notion that Kenton County has sole control over an airport that serves 2.1 million people in a region is outdated.

In response to questions from Representative Santoro and Representative Riggs, Auditor Edelen stated there were no criminal offenses or activities with criminal intent found in the report; however the report has been forwarded to the Kenton County Attorney for review of possible violations of ethics codes.

Representative Simpson reiterated his earlier comments concerning the CVG board and Kenton County, stating the historical significance and the role Kenton County and its taxpayers have played in relation to the airport must not be overlooked. He said that other counties and entities wanting to share in the authority of the board should compensate just like Kenton County taxpayers.

Representative Simpson raised the issue about Kentucky owning the Ohio River and that the deeds of the airport are in Kenton County's name. He stated that, when taxpayer money is referenced, Kenton County taxpayers' money is what is being discussed. Because the airport sits in Boone County's jurisdiction, Boone County receives hundreds of thousands of dollars of occupational taxes, therefore it is only fair if that, if it like a voice in how the airport is run, Boone County should share the tax proceeds

with Kenton County in the spirit of the region.

To Representatives Simpson's point of Kentucky owning the Ohio River and not Ohio, Auditor Edelen pointed out that the largest public infrastructure project in the United States is in Louisville, where two bridges are being built as a result of a bi-state commission, which of its very definition is an example of bi-state cooperation.

Representative St. Onge questioned the reasoning behind Auditor Edelen's suggestion of having board members from Cincinnati. She said she is unaware of anything that will benefit Kenton County and northern Kentucky that will not also benefit the greater Cincinnati area as well. She is not against board members from Cincinnati being on the board, although she would like to understand the logic.

Auditor Edelen reiterated that his recommendation is that Ohio citizens have three seats on an 11 member board, which would provide Kentucky with a continued constitutional majority. He said it was important for Ohio to be part of the CVG board due to two-thirds of the airport's travelers being from Ohio. It is imperative to ensure that business communities on both sides of the Ohio River are integrated into running the airport. The ability to continue to grow the airport long term depends on ensuring that Cincinnati businesses are not using the Dayton or Columbus airports. Continued disagreements and mismanagement of the airport's operations may result in major airlines deciding not to use CVG.

Chairman Collins urged northern Kentucky legislators and residents to come together as a group on legislation that may be needed to help solve these issues. He said it would not be feasible to hear several bills during session on this issue, and thus it was imperative that northern Kentucky delegates work together on a solution.

Proposed Legislation Regarding Procedures for Motor Vehicle Recyclers' Purchase of Vehicles

Representative Denver Butler; Christopher J. Bedell, Vice President and General Council, The David J. Joseph Company and River Metals Recycling, and member of the Kentucky Recyclers Association, and Steve Levetan, Executive Vice President, Pull A Part, and member of Kentucky Recyclers Association, discussed proposed legislation regarding procedures for motor vehicle recyclers' purchase of vehicles. Representative Butler stated the goal of the proposed legislation is to simplify laws related to recycling automobiles. It is a relevant issue in order to keep accurate track of vehicle ownership, reduce vehicle theft, and further the work of scrap recycling, which feeds raw materials back into manufacturing, while including all stakeholders in the drafting of the legislation and resolving any concerns.

Mr. Bedell stated that River Metals and its predecessor companies have been operating metal recycling companies in Kentucky for over 50 years, and currently have over 250 employees in Kentucky. River Metals has invested over \$100 million in state of the art metal recycling equipment and infrastructure in the Commonwealth and does not receive any government subsidies or funding. It has received awards for its safety and environmental

practices. The company is owned by the David J. Joseph Company, which has been recycling metals since 1885 and has over 80 recycling facilities across the country. David J. Joseph Company is owned by Nucor Corporation, which is North America's largest steelmaker. Nucor announced last month that it has purchased Gallatin steel and will soon become Nucor Kentucky. Combined, Nucor and its subsidiaries will have over 750 full-time employees in Kentucky. Approximately 60 percent of steel made in the United States is from recycled metal.

Mr. Bedell stated there should be clear and effective laws and requirements for end-of-life vehicles, adding that the proposal has three advantages over current law. The first advantage is that it provides accountability for the buyer and the seller of an end-of-life vehicle; secondly, it provides traceability by recording VINs and putting them into the new federal database for stolen vehicles so they can be checked to make sure that they were not stolen before and after their purchase; third, the proposal provides workability. Several other states have enacted similar laws and are extremely pleased with the results.

Mr. Levetan stated that Pull A Part is a used auto parts business based in Atlanta with 29 locations in 13 states, including a location in Louisville. The issue is that there are hundreds of thousands of vehicles that reach end of life every year in the Commonwealth, and those vehicles are either going directly to a scrap processor or to a company such as Pull A Part. These companies arrange for the removal of some or all of the parts for reuse; the remainder of the vehicle is recycled. Currently, there are two ways that the vehicle can legally come to either industry: it can be sold with a title, or it can be sold under Kentucky law with what is called a hulk vehicle. The sale of a hulk vehicle does not require a title, and the vehicle only has to be mechanically inoperable. The definition of a hulk vehicle is poor and leaves potential for misuse.

Mr. Levetan stated there is a problem due to vehicle titles often being misplaced on older vehicles, or vehicles can be transferred a few times without the transfer of the title when the title should have been transferred. There should be a way to address problems for when a person is legally trying to recycle a vehicle. Problems arise such as how these companies are able to purchase the vehicle and how law enforcement is able to identify stolen vehicles. In either of these two instances, there is no paper trail or reporting required to the vehicle registrar or law enforcement. In 2009, Congress passed the National Motor Vehicle Title Information System (NMVTIS.) The system has improved dealing with end-of-life vehicles and getting a database of those vehicles at a federal level. A problem that has arisen is that reporting is required by either a scrap processor or a parts recycler, but the only enforcement is at the federal level by the Department of Justice. Reporting is must be done within 30 days of the purchase, but the potential 30-day delay is a problem. Mr. Levetan stated that the proposed bill would allow for that enforcement by incorporating the federal law at the state level. Louisville and Lexington have both recognized these problems in dealing with end-of-life vehicles and have adopted ordinances relating

to the issue. The ordinances have better definitions and require a paper trail, reporting, and reporting to NMVTIS.

The highlights of the proposal include: 1) clear definitions, such as when a vehicle is no longer considered a vehicle; 2) limiting the sale of end-of-life vehicles to only registered secondary metals recyclers or licensed automotive recycling dealers, only applicable to vehicles that are ten years old and older; 3) a requirement for a signed statement from the seller, and a requirement to get a copy of the seller's identification, vehicle identification information including the VIN, and a certification that the vehicle is owned by the seller and that the seller recognizes that there are criminal penalties to the falsification of the document; 4) the collection of the tag number of the vehicle that delivered the end-of-life vehicle, and the buyer's NMVTIS ID number; and 5) creation of an online system requiring buyers to check the vehicle before purchase to determine if it has been stolen.

This is similar to a system that went into effect in North Carolina in December 2013. From that system's inception through the end of September, the system has resulted in the identification of over 480 stolen vehicles that had been attempted to be sold as scrap or for parts out of 150,000 vehicles that had been run through the system. The proposed bill also requires reporting to NMVTIS, and requires reporting within 24 hours of purchase rather than within 30 days, giving law enforcement a real tool to determine if a vehicle has been stolen.

The proposed bill requires the industry to hold the vehicle undamaged for two days after the purchase, giving law enforcement time to investigate the vehicle to make sure it has not been stolen. The proposal classified falsification of the document itself as forgery in the second degree and creates penalties of \$1,000 per vehicle if a recycler fails to keep the required records or to take required information, or fails to report to NMVTIS.

Because of a constituent concern and situation involving a stolen vehicle, Representative Floyd advocated the possibility of extending the amount of time more than the two day period required in the proposed bill between when the vehicle is purchased by a scrap metal company and when it is to be recycled. It takes one day to report that purchase to a national database, leaving only one additional day before the vehicle can be destroyed.

In response to a question from Senator Schickel, Mr. Bedell stated the Kentucky Recyclers Association has had input on the proposed legislation. The Kentucky Association of Truck and Automobile Dismantlers, the Kentucky Transportation Cabinet, and law enforcement are expected to be contacted along with other stakeholders before the proposed bill is placed before the committee.

In response to a from Representative Pullin, Mr. Levetan stated that no state has used this exact proposed approach, but that North Carolina has used a system and regulations most similar and is the state that has been used as a pattern for the proposed bill.

In response to a question from Senator Ridley concerning the possible prevention of a hulk vehicle

being reissued a title, Mr. Levetan stated that, under the proposal, a vehicle can only be sold to a registered secondary metal recycler or a licensed automobile parts dealer, or it can be recycled for parts only. Hulk vehicles can only be sold again as recycled, but a vehicle with a title can be sold again.

Proposed Administrative Regulation 601 KAR 11:030

The committee reviewed Administrative Regulation 601 KAR 11:030 regarding codes for endorsements and restrictions on commercial driver's licenses.

With no further business before the committee, Chairman Collins adjourned the meeting at 2:09 PM.

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

Minutes of the 4th Meeting of the 2014 Interim

October 9, 2014

Call to Order and Roll Call

The 4th meeting of the Interim Joint Committee on Veterans, Military Affairs, and Public Protection was held on Thursday, October 9, 2014, at 10:00 AM, in room D010 at the Robley Rex Louisville Veterans Affairs Medical Center. Senator Jimmy Higdon, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Jimmy Higdon, Co-Chair; Representative Tanya Pullin, Co-Chair; Senators Carroll Gibson, Ernie Harris, Christian McDaniel, Dennis Parrett, Albert Robinson, Reginald Thomas, and Mike Wilson; Representatives Robert Benvenuti III, Tom Burch, Denver Butler, Dwight D. Butler, Larry Clark, Tim Couch, Jim Glenn, Kenny Imes, Martha Jane King, Terry Mills, Tim Moore, Tom Riner, and Russell Webber.

Guests: Marylee Rothschild, MD, Interim Medical Center Director, Laura Schafsnitz, Activation Team Public Affairs Officer, Helen Booker, Christmas Angel Program, Hugh McCarty, Polytrauma Program Manager, Kelly Marcum, OEF/OIF/OND Case Manager; Eddie Reynolds, Program Manager, and Sara Peterson, Veterans Outreach Coordinator, Brain Injury Alliance of Kentucky; John Mustain, Coordinator of Veterans Services and Community Outreach, Epilepsy Foundation of Kentuckiana.

LRC Staff: Erica Warren, Kristopher Shera, Jessica Causey, and Rhonda Schierer.

Chair Higdon called for a motion to adopt the September 2014 meeting minutes. A motion and a second were made, and the minutes were adopted.

Veteran Access

Dr. Mary Lee Rothschild stated that, since 1952, Robley Rex Veterans Affairs Medical Center (VAMC) has provided services for more than 150,000 Kentuckiana veterans living in 35 counties. It has 107 medical, surgical inpatient beds, psychiatry, and 16 Substance Abuse Residential Recovery Treatment Program beds. There are outpatient clinics in Carrollton, Dupont, Fort Knox, Grayson County, Newburg, and Shively, Kentucky. A new patient

access center has opened to provide centralized scheduling of veterans new to Robley Rex VAMC. VAMC has hired additional clinical and scheduling staff to support additional outpatient clinics and has added a primary care team at the Scott County and Ft. Knox community outpatient clinics. The new patient clinics are open Monday through Friday and most Saturdays. New and established patients have less than a 30 day waiting period.

In response to a question from Representative Benvenuti, Dr. Rothschild stated that VAMC accommodates acute urgent patients as needed, and those patients are not included in the less than 30 day waiting period figure because they are seen very quickly.

In response to a question from Senator Gibson, Dr. Rothschild stated that VAMC is assembling an Ebola team and has guidelines for preparation in case of an outbreak.

Replacement

Laura Schafsnitz discussed the replacement of the Robley Rex VAMC. The VA is studying the environmental impact of new medical center construction on the Brownsboro Road site to comply with the National Environmental Policy Act. From 2014 to 2016, design phases will continue to work out details to build the most efficient and effective spaces possible for veteran care. Construction will begin in 2016, subject to Congressional approval and funding. The anticipated grand opening of the Louisville VA Replacement Medical Center is 2023.

In response to a question from Representative Clark, Ms. Schafsnitz stated that the new hospital will be located further from the University of Louisville hospital and the doctors there that help treat VA patients, but other hospitals are transitioning further east. Thus, many of the doctors may actually be closer.

Veterans Access, Choice, and Accountability Act of 2014

Helen Booker discussed the Veterans Access, Choice, and Accountability Act of 2014, which was signed into law on August 7, 2014, by President Obama. National mechanisms are being developed to ensure that the legislation is applied correctly and consistently. The VA medical centers will continue to use their existing authority to see that veterans receive care from other health care organizations when the VA is unable to provide it. Ms. Booker gave a fact sheet to members that explained non-VA emergency care. The fact sheet is part of this official record.

OEF/OIF/OND Program

Kelly Marcum stated that the OEF/OIF/OND Program name is going to be changed soon to the Transition Care Management Teams as large scale missions end and evolve. The post-deployment healthcare team provides a seamless transition from the military to VAMC through case management, referral, and healthcare services. The VA screens for depression, substance abuse, post traumatic stress disorder, military sexual trauma, and traumatic brain injury. The team includes a program manager, two social workers, two RN case managers, VA/DOD liaison, transition patient advocate, chaplain, and program analyst. The team treats walk-in combat

veterans and referrals from primary care clinics, VA specialized clinics, emergency departments, inpatient settings, other VA medical centers, family, and friends.

Polytrauma

Hugh McCarty stated that the Polytrauma Traumatic Brain Injury (TBI) Program's mission is to provide comprehensive traumatic brain injury evaluations and the necessary follow-up for veterans with TBI or polytrauma. Polytrauma consists of two or more injuries, one of which may be life threatening, sustained during the same incident that affect multiple body parts or results in physical, cognitive, psychological, or psychosocial impairments and functional disabilities. The TBI program team includes a polytrauma coordinator, social work case manager, medical doctor, nurse practitioner, neuro-psychologist, patient administrative assistant, physical therapist, occupational therapist, and speech therapist. The clinic is primarily driven by returning combat veterans that screen positive on TBI, but it is open to all veterans. As of October 2, 2014, the Polytrauma TBI Clinic manages 545 cases: 502 males and 43 females. Of the 545 cases, 362 have been injured by blast or explosion. The Robley Rex VAMC had 12,468 returning combat unique patients from FY02 through FY14. A detailed PowerPoint presentation is part of this official record.

Brain Injury Alliance of Kentucky: Grant Update

Eddie Reynolds gave a brief PowerPoint presentation on the mission of the Brain Injury Alliance of Kentucky (BIAK). BIAK's goal is to reach Kentucky veterans who have returned from overseas deployment with mild TBI. Concussions are the most common cause of mild TBI, and blast injuries are the most common cause of the combat concussions. Under and over pressurization of a blast injury can cause microscopic injuries to the brain that modern imaging technology cannot detect. It is important that soldiers report even the slightest brain injury. The military relies on self-reporting from soldiers before it will consider treatment, and many soldiers deny problems to get home faster. Existing problems may be overlooked a family that is excited to be reunited with the soldier. Some co-occurring symptoms of TBI with PTSD are fatigue, insomnia, depression, irritability, and anxiety.

A brain injury is not considered mild when it effects employment, education opportunities, family relationships, or drugs and alcohol are used to treat the symptoms. The effects upon society when TBI is not properly treated are unemployment, broken homes and domestic violence, substance abuse, homelessness, and incarceration. BIAK's goal is to reach as many veterans as possible with information about mild TBI, offer a confidential contact, connect them with the appropriate resource for diagnosis, help them learn the benefits they may receive, offer tips to cope with some of the symptoms, and offer a community of other veterans. BIAK works with the Kentucky National Guard, Kentucky Department for Veterans Affairs, Kentucky Department for Behavioral Health, Kentucky Appalachian Rural Regional Network, Joint Executive Committee of Veterans Organizations, VA Hospitals, veteran centers,

and the Association of the United States Army to identify and serve veterans. Mr. Reynolds introduced BIAK's new Veterans Outreach Coordinator, Sara Peterson. BIAK's PowerPoint presentation is part of this official record.

Epilepsy Foundation of Kentuckiana: Grant Update

John Mustain testified about the Epilepsy Foundation of Kentuckiana's work with veterans who experience seizures. One in 26 people will develop epilepsy. There are nearly 500 new cases every day, and the risk of developing epilepsy is increased in veterans. There is a significant probability that these veterans will develop Post Traumatic Epilepsy (PTE). Mr. Mustain discussed Operation Outreach, which has a mission to raise public awareness of PTE in the OEF/OIF/OND veteran population, raise clinician awareness of PTE and psychogenic non-epileptic seizures, and assist veterans in connecting with services to improve quality of life. Operation Outreach maintains its presence through a website, FaceBook, LinkedIn, Twitter, and Tumblr. These links are listed on the PowerPoint presentation that is part of this official record.

There being no further business, the meeting was adjourned. Upon adjournment, committee members and staff toured the Robley Rex Medical Center.

CAPITAL PLANNING ADVISORY BOARD

Minutes of the 3rd Meeting of the 2014 Calendar

October 24, 2014

Call to Order and Roll Call

The 3rd meeting of the Capital Planning Advisory Board was held on Friday, October 24, 2014, at 12:00 PM. The meeting convened at Western Kentucky University in Downing Student Union. Senator Stan Humphries, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Stan Humphries, Co-Chair; Representative Terry Mills, Co-Chair; Senator Whitney Westerfield; Charles Byers, Carole Henderson, John Hicks, Sherron Jackson, and James W. Link.

Guests testifying before the board: Bryan Russell, Chief Facilities Officer, and Ann Mead, Senior Vice President for Finance and Administration, Western Kentucky University.

LRC Staff: Shawn Bowen, Katherine Halloran, and Jennifer Luttrell.

Tour of WKU Capital Projects

A tour of Western Kentucky University (WKU) capital projects preceded the meeting.

Approval of Minutes

Due to the lack of a quorum, the minutes were not approved.

Welcome and Comments

Senator Humphries thanked Dr. Ransdell and other university staff for hosting today's meeting. He then announced that the Governor appointed Jane Driskell as a new board member. Ms. Driskell is replacing Fontaine Banks who passed away not long after he was appointed as a member of the board.

Mr. Russell welcomed board members and guests. He briefly discussed the WKU 2014 Construction and Master Plan Update, which includes completed, current, and future capital projects.

Tax Increment Financing for Postsecondary Construction

Ms. Mead briefed members on the use of tax increment financing (TIF) for construction of WKU postsecondary capital projects. Twenty-eight projects have been completed or are under construction in the TIF district, known as the WKU Gateway to Downtown Bowling Green. The TIF district was established in 2007 after the city of Bowling Green and Warren County reached an agreement with the state to create a 383-acre, 52-block special development and tax district. The district receives 80 percent of the increases in payroll, property, sales, and other tax revenue generated by new development within the district. As of June 30, 2014, capital investment in the TIF district surpassed the required goal of \$150 million six months ahead of schedule.

Ms. Mead discussed several projects constructed within the TIF district; including the Augenstein Alumni Center, Alumni Square Parking Garage, WKU Student Life Foundation Apartments, the Medical Center/WKU Health Sciences Complex, and Hyatt Place Hotel. One new project, the WKU College of Business, will be included in WKU's 2016-2022 six-year capital plan. The new facility will replace the Gordon Ford College of Business built in 1966.

Mr. Hicks said tax increment financing is a funding mechanism typically used for renovation or infrastructure projects. He asked what portion of the project costs are considered infrastructure. Ms. Mead said the total value of the TIF projects for WKU and the Student Life Foundation is approximately \$61 million and all has been counted toward the construction goal. The university must meet certain reporting requirements, and the value of all construction in the TIF district has been allowed by the state. Infrastructure costs are not accounted for separately.

In response to another question from Mr. Hicks, Ms. Mead said the WKU Foundation initially helped finance a land acquisition in downtown Bowling Green eventually used for a downtown parking garage. This project was under the Downtown Economic Development Authority's oversight.

Legislative Research Commission Program Review and Investigations Committee Staff – Information Technology Study

Senator Humphries discussed the results of the LRC Program Review and Investigations Committee survey on the state's information technology (IT) resources. State agency leaders, technology managers, and Capital Planning and Advisory Board members were surveyed via electronic questionnaire.

Mr. Jackson said the Program Review Information Technology Study may include recommendations that could be beneficial during the next capital planning period. He suggested that the board consider the possibility of meeting before the end of the year to discuss the results of the report when it is released. Senator Humphries said after the November Program Review meeting, a copy of

the report will be mailed to members. If the report contains recommendations regarding the capital planning process, an additional board meeting before the end of the year will be convened.

Information Items

Three information items were included in members' folders for review: the COT Commonwealth Office of Technology (COT) and its role in state agency information technology functions, the Next Generation Kentucky Information Highway project and the average cost of Internet services, and recommendations for improvement to the Kentucky Business One-Stop Portal project.

In response to a question from Senator Westerfield regarding the centralization of IT infrastructure for executive branch agencies, Mr. Hicks said the Executive Order that centralized executive branch IT operations under COT could not mandate the inclusion of constitutional offices. However, officials within the Finance and Administration Cabinet and COT invited the constitutional offices to participate in the consolidation. To date, one agency, the Office of the Attorney General, plans to participate in the consolidation.

Adjournment

With there being no further business, a motion to adjourn the meeting was made. The motion was seconded, and the meeting adjourned at 1:00 PM.

CAPITAL PROJECTS AND BOND OVERSIGHT COMMITTEE

Minutes

October 21, 2014

Call to Order and Roll Call

The Capital Projects and Bond Oversight Committee was held on Tuesday, October 21, 2014, at 1:00 p.m., in Room 169 of the Capitol Annex. Senator Chris Girdler, Chair, called the meeting to order, and the secretary called the roll.

Present were:

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

Guests Testifying Before the Committee: Ms. Cori Bibelhauser, Contract Administrator, University of Louisville (UofL); Ms. Donna Gissen, Assistant Vice President for Health Affairs, UofL; Ms. Elizabeth Baker, Director of Planning, University of Kentucky; Mr. Scott Aubrey, Director of Real Properties, Finance and Administration Cabinet; Mr. John Hicks, Deputy State Budget Director; Mr. John Covington, Executive Director, Kentucky Infrastructure Authority; and Mr. Ryan Barrow, Executive Director, Office of Financial Management.

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

Approval of Minutes

Representative Rudy moved to approve the minutes of the September 16, 2014, meeting. The motion was seconded by Senator Leeper and approved by voice vote.

Information Items

Mr. Josh Nacey, Committee Staff Administrator,

presented four information items. The first item was a notice of advertisement for leased space from the Finance and Administration Cabinet for the Cabinet for Health and Family Services in Clay County.

The second item was a report of Moody's downgrade of the University of Louisville's debt.

The third item was the Semi-Annual Report of the Kentucky Asset/Liability Commission.

The fourth item presented were quarterly reports on major capital projects from the Administrative Office of the Courts, Commonwealth Office of Technology, Finance and Administration Cabinet, Murray State University, Northern Kentucky University, University of Kentucky, University of Louisville, and Western Kentucky University.

Project Report from the University of Louisville (UofL)

Ms. Cori Bibelhauser, Contract Administrator, UofL, presented a lease modification for the Department of Medicine, Health Sciences Center, with MedCenter One, LLC increasing the space by 9,189 square feet (sq ft). The modified lease was for 53,867 sq ft at \$12.65 per sq ft and \$6 per sq ft for common area maintenance for an annual cost of \$1,004,620. The lease will expire June 30, 2016.

In response to a question from Representative Wayne, Ms. Donna Gissen, Assistant Vice President for Health Affairs, UofL, said the university received new research grant funding. The grant will be used to hire new research staff, which requires additional space.

Representative Wayne made a motion to approve the lease modification. The motion was seconded by Representative Damron and approved by roll call vote.

Project Reports from the University of Kentucky (UK)

Ms. Elizabeth Baker, Director of Planning, UK, reported the purchase of two items of unbudgeted medical equipment. The first item purchased was a CT Scanner for the UK Healthcare Emergency Department, which will improve imaging and decrease radiation and scan time. The cost of the scanner was \$1,017,200 and paid from restricted funds. No action was required.

The second item purchased was storage hardware to be used by the A.B. Chandler Hospital for the encryption of patient data. The cost of the hardware was \$974,800 and paid from restricted funds. No action was required.

Lease Report from the Finance and Administration Cabinet

Mr. Scott Aubrey, Director of Real Properties, Finance and Administration Cabinet, presented a new lease for the Cabinet for Health and Family Services, Department for Community Based Services, in Henderson County to accommodate additional needed space. No feasible proposals were submitted for combining the current space leased. The new lease was for 7,530 sq ft at \$15.45 per sq ft for an annual total of \$116,339.

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

Project Reports from the Finance and Administration Cabinet

Mr. John Hicks, Deputy State Budget Director, presented five items. The first item was a new unbudgeted capital project from the Department of Military Affairs for a roof replacement at the Wendell H. Ford Regional Training Center. The project will provide a new standing seam metal roof panel system over existing shingle roofs on seven buildings. The \$696,200 capital project was 100 percent federally funded by a Department of Defense grant.

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

The second item was a new unbudgeted capital project from the Department of Military Affairs for the Construct Addition to Building 300 project at Wendell H. Ford Regional Training Center. The project will consist of the construction of approximately 4,500 sq ft of additional administrative space to accommodate 140 personnel. The \$760,000 capital project was 100 percent federally funded by a Department of Defense grant.

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

The third item was a new unbudgeted capital project from the Department of Military Affairs for the Field Maintenance Shop No. 9 Interior Repairs project in Glasgow, Kentucky. The project will consist of the demolition of existing offices, storage space, and latrines and the construction of new latrines, offices, a training room, and storage areas for tools and parts. The \$775,000 capital project was 100 percent federally funded by a Department of Defense grant.

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

The fourth item was a new unbudgeted capital project from the Department of Military Affairs for the Construct Rappel Tower project at the Joint Support Operations Counter Drug Center in London, Kentucky. The project will consist of site, foundation, structural steel, electrical, and other work needed to construct a 50-foot rappel tower to be used in training qualification requirements in support of counter-drug operations. The \$662,600 capital project was 100 percent federally funded by a Department of Defense grant.

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

The fifth item was a report of a \$622,700 Emergency, Repair, Maintenance, or Replacement Project appropriation for the Department of Veterans Affairs North Cemetery Landslide Repair project in Williamstown, Kentucky. The project will repair the embankment supporting the cemetery road. No action was required.

Kentucky Infrastructure Authority (KIA) Loans

Mr. John Covington, Executive Director, Kentucky Infrastructure Authority, presented seven items. The first item was a report in a change in KIA's project submittal process for certain loans. Mr. Covington said some borrowers would benefit

more from a planning and design loan instead of a full construction loan because their project may be in early stages. This process change will allow resources to be allocated to projects that are ready for the construction process and will result in a more efficient use of resources to fund more projects.

In response to questions from Representative Wayne, Mr. Covington said the planning and design loans will receive a 12-month commitment and will be reviewed on a case-by-case basis to address individual borrower needs.

In response to questions from Representative Damron, Mr. Covington said the intent of implementing the planning and design loan process was to allow KIA to more efficiently use the funds available.

Senator McDaniel asked Mr. Covington to provide information on the different types of KIA loans to new committee members during orientation and to provide the committee with a list of existing loans, including activity over the last 60-months.

The second item presented was a Fund A loan for the City of Owensboro in Daviess County. The request was for a \$3,975,000 loan for the fourth phase of the Sherm Ditch Rehabilitation project. The loan will have a 20-year term, an interest rate of 1.75 percent, and a debt service payment of \$244,366.

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

The third item presented was a Fund C loan for the Northern Madison County Sanitation District in Madison County. The request was for a \$1,200,000 loan for the Muddy Creek Wastewater Sanitation District project. The loan will have a 20-year term, an interest rate of three percent, and a debt service payment of \$82,625.

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

The fourth item presented was a Fund F loan increase for the City of Mount Vernon in Rockcastle County. The request was for a \$423,310 increase to a previously approved loan for the Phase 2 Potable Water Storage Tanks and Lines project. The \$3,023,310 loan will have a 20-year term, an interest rate of one percent, and a debt service payment of \$113,568.

In response to a question from Senator Carroll, Mr. Covington said the increase was necessary to address essential changes made during the design phase of the project.

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

The fifth item presented was a Fund F loan for the Cumberland County Water District in Cumberland County. The request was for a \$1,268,000 loan for the Water System Improvement project. The loan will have a 20-year term, an interest rate of 0.75 percent, and a debt service payment of \$50,094.

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

The sixth item presented was a Fund F loan for

the Western Lewis-Rectorville Water and Gas District in Mason County. The request was for a \$1,266,500 loan for the Water Systems Improvement project. The loan will have a 20-year term, an interest rate of 0.75 percent, and a debt service payment of \$50,034.

In response to questions from Senator McDaniel, Mr. Covington said the purpose of the Fund F loan program is to ensure compliance with the Federally Assisted Drinking Water Program, enacted as part of the Safe Drinking Water Act, by funding projects to address public health issues in existing systems. The Fund F loan program is funded by an annual capitalization grant from the U.S. Environmental Protection Agency, a 20 percent match from the General Fund, issuance of leverage bonds, and proceeds from loan repayments and interest earned.

In response to questions from Representative Wayne, Mr. Covington said ongoing maintenance is performed on the systems; however, older systems with failing water lines are considered a capital expenditure. KIA does not fund operating expenses or short-term system improvements.

In response to a question from Representative Damron, Mr. Covington said any rate increases to customers must first go through the Public Service Commission's process, which includes public meetings and notices.

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

The seventh item presented was a Fund F loan for the Henry County Water District #2 in Henry County. The request was for a \$2,800,000 loan for the U.S. Highway 42 Storage Tank project. The loan will have a 20-year term, an interest rate of 1.75 percent, and a debt service payment of \$173,500.

Senator Carroll made a motion to approve the new loan. The motion was seconded by Representative Rudy and approved by roll call vote with one member "passing."

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

Mr. Ryan Barrow, Executive Director, Office of Financial Management, reported 14 school bond issues with SFCC debt service participation with a total par amount of \$112,145,000. The state portion of the annual debt service payment was \$2,050,300 and the local contribution was \$7,487,400. The bond issues did not involve tax increases.

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

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

Mr. Nacey said six local bond issues were reported to the committee. The bond issues were 100 percent locally funded and did not involve tax increases. No action was required.

With there being no further business, the meeting was adjourned at 1:59 p.m.

ADMINISTRATIVE REGULATION REVIEW SUBCOMMITTEE Minutes of the October Meeting

October 14, 2014

Call to Order and Roll Call

The October meeting of the Administrative Regulation Review Subcommittee was held on Tuesday, October 14, 2014, at 1:00 PM, in Room 149 of the Capitol Annex. Representative Mary Lou Marzian, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Ernie Harris, Co-Chair; Representative Mary Lou Marzian, Co-Chair; Senators Perry B. Clark, Sara Beth Gregory, and Alice Forgy Kerr; Representatives Robert R. Damron, Jimmie Lee, and Tommy Turner.

Guests: Lynn Zellen, Maryellen Allen, Board of Elections; Dick Carroll, Board of Accountancy; Connie Calvert, Jerald Combs, William Reynolds, Board of Optometric Examiners; Kathleen Schell, Board of Embalmers and Funeral Directors; Larry Disney, Brian Judy, Tom Veit, Real Estate Appraisers Board; Angela Evans, Board of Marriage and Family Therapists; Jeremy Reed, Dietitian and Nutritionists Board; Brian Judy, Martin Wesley, Board of Licensed Professional Counselors; Dennis Shepherd, Department of Veteran Affairs; Ron Brooks, Davis Wicker, Department of Fish and Wildlife Resources; Julie Roney, Larry Taylor, Department for Environmental Protection; Keith Smith, Office of the Reclamation Guaranty Fund; Amy Barker, Department of Corrections; Dana Todd, Department of Criminal Justice Training; Chris Gillum, LaDonna Koebel, Kevin Warford, Department of Juvenile Justice; Russell Coy, D.J. Wasson, Department of Insurance; Katherine Paisley, Horse Racing Commission; Jeff Jagnow, Hollie Sands, Department of Public Health; Elizabeth Caywood, Jason Dunn, Department of Community Based Services.

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

The Administrative Regulation Review Subcommittee met on Tuesday, October 14, 2014, and submits this report:

Administrative Regulations Reviewed by the Subcommittee:

STATE BOARD OF ELECTIONS: Statewide Voter Registration

31 KAR 3:030. Voting precinct and address of overseas voter whose last place of residence in the Commonwealth is no longer a recognized residential address. Lynn Zellen, general counsel, and Maryellen Allen, executive director, represented the board.

In response to a question by Co-Chair Harris, Ms. Zellen stated that the corresponding emergency administrative regulations were filed in August and became effective upon their filing. Clerks had received appropriate training to administer these requirements, and the absentee voting process was going well so far.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO and STATUTORY AUTHORITY paragraphs to correct statutory citations; and (2) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Section 2 to comply

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

Forms and Procedures

31 KAR 4:130 & E. Delivery and return of absentee ballots transmitted to covered voters via facsimile or electronically.

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 to correct citations; and (2) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Sections 1 and 3 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

31 KAR 4:140 & E. Submission of the federal postcard application via electronic mail.

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 to correct citations; and (2) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph to clearly state the necessity for and function served by this administrative regulation, as required by KRS 13A.220. Without objection, and with agreement of the agency, the amendments were approved.

Voting

31 KAR 5:010 & E. Use of the federal write-in absentee ballot.

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 to correct citations; (2) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph to clearly state the necessity for and function served by this administrative regulation, as required by KRS 13A.220; and (3) to amend Section 2 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: State Board of Accountancy: Board

201 KAR 1:190. Examination sections, applications, and procedures. Richard Carroll, executive director, represented the board.

A motion was made and seconded to approve the following amendments: (1) to amend the STATUTORY AUTHORITY paragraph to correct statutory citations; (2) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph to clearly state the necessity for and function served by this administrative regulation, as required by KRS 13A.220; (3) to amend Sections 4, 5, 9, and 11 and the material incorporated by reference to comply with the drafting and formatting requirements of KRS Chapter 13A; (4) to amend Section 3 to: (a) clarify that the board may grant one (1) request to extend the time to retain a passing examination score to a candidate that has sat for one (1) section of the exam during the same testing window when the passing score was to expire; and (b) establish a deadline for extension to retain an exam score; and (5) to amend Section 5 to

establish examples of what the board may consider as “good cause” for extending a notice to schedule the examination. Without objection, and with agreement of the agency, the amendments were approved.

Board of Optometric Examiners: Board

201 KAR 5:055. Telehealth. Dr. Jerald Combs, president, and Dr. William Reynolds, vice president, represented the board.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO paragraph to add a statutory citation; (2) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Sections 1, 2, 3, 4, and 5 to comply with the drafting and formatting requirements of KRS Chapter 13A; (3) to amend Section 1 to add a definition for “practice of optometry”; and (4) to amend Section 5 to clarify who the sponsor shall be for a course offered through telehealth, including that educational hours obtained through telehealth shall be considered as part of the maximum five (5) continuing education hours granted through the use of the internet in accordance with 201 KAR 5:030, Section 6(1). Without objection, and with agreement of the agency, the amendments were approved.

Board of Embalmers and Funeral Directors: Board

201 KAR 15:015. Per diem compensation of board members. Kathleen Schell, board counsel, represented the board.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO and STATUTORY AUTHORITY paragraphs to correct citations; (2) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph to clearly state the necessity for and function served by this administrative regulation, as required by KRS 13A.220; and (3) to amend Section 1 to clarify that each board member shall receive a \$175 per diem fee beginning January 1, 2015. Without objection, and with agreement of the agency, the amendments were approved.

Real Estate Appraisers Board: Board

201 KAR 30:125. Continuing education for appraisers. Larry Disney, executive director; Brian Judy, assistant attorney general; and Tom Veit, executive assistant, represented the board.

201 KAR 30:180. Distance education standards.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO and STATUTORY AUTHORITY paragraphs to add citations; (2) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph to clearly state the necessity for and function served by this administrative regulation, as required by KRS 13A.220; and (3) to amend Sections 3, 5, and 6 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

201 KAR 30:200. Reciprocity requirements for applicants licensed or certified in another state.

A motion was made and seconded to approve the following amendments: (1) to amend Sections 2 and 4 to comply with the drafting and formatting requirements of KRS Chapter 13A; and (2) to amend Section 4 to delete outdated material previously

incorporated by reference that is no longer used by the agency. Without objection, and with agreement of the agency, the amendments were approved.

Board of Licensure for Marriage and Family Therapists: Board

201 KAR 32:035. Supervision of marriage and family therapist associates. Angela Evans, assistant attorney general, represented the board.

In response to questions by Co-Chair Harris, Ms. Evans stated that the national association established the standard for five years of supervision. This administrative regulation was being amended to specifically establish that standard for one of the categories of therapists. The Diagnostic and Statistical Manual of Mental Disorders had been updated and was in the process of being updated again.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO and STATUTORY AUTHORITY paragraphs to add statutory citations; (2) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph to clearly state the necessity for and function served by this administrative regulation, as required by KRS 13A.220; (3) to amend Sections 1 and 2 to comply with the drafting and formatting requirements of KRS Chapter 13A; (4) to amend Section 2 to reinsert the current provisions regarding who a board-approved supervisor shall be until December 31, 2015 before the new provisions take effect on January 1, 2016; (5) to amend Section 3 to clarify what constitutes an undue burden for the board approving an alternative form of supervision other than direct face-to-face contact between a supervisor and a supervisee; (6) to amend Section 3 to reference the current editions of the Diagnostic and Statistical Manual of Mental Disorders; and (7) to amend Section 8 to clarify the time frame for the supervisee notifying the board of the extenuating circumstances in which temporary supervision is permitted. Without objection, and with agreement of the agency, the amendments were approved.

Board of Licensure and Certification for Dietitians and Nutritionists: Board

201 KAR 33:010. Fees. Jeremy Reed, assistant attorney general, represented the board.

Kentucky Department of Veterans' Affairs: Veterans' Program Trust Fund: Fund

201 KAR 37:010. Kentucky Veterans' Program Trust Fund, administration of fund. Dennis Shepherd, staff attorney, represented the department.

In response to questions by Co-Chair Harris, Mr. Shepherd stated that the fund had been operating for 15 years under the previous requirements. The National Guard had not previously been included, and the department wanted to clarify what constituted appropriate fund use to avoid problems the fund had experienced. For example, sometimes funds had been allotted but went unused by the recipients.

In response to a question by Co-Chair Marzian, Mr. Shepherd stated that the fund was comprised of revenue from the veterans' specialty license plate sales and from private donations.

A motion was made and seconded to approve the following amendments: (1) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph to: (a) make a technical correction; and (b)

correct statutory citations; and (2) 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.

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

301 KAR 1:410. Taking of fish by nontraditional fishing methods. Ron Brooks, fisheries director, and David Wicker, general counsel, represented the department.

In response to questions by Representative Turner, Mr. Brooks stated that alligator gar were being restocked after they had been extirpated in past decades. Alligator gar was a unique species for local ecologies and for sport fishing. Typically alligator gar did not compete with other species for food. It was possible that young alligator gar, especially in low-light conditions, could be mistaken for other gar species; therefore, fish and wildlife officers had been instructed to take that into consideration in the enforcement of this administrative regulation.

In response to a question by Co-Chair Harris, Mr. Brooks stated that the department expected it to take 10 to 12 years to reestablish alligator gar. Currently, the department was in the fourth year of this endeavor. The species was intentionally stocked in two rivers but had migrated to other waterbodies and was expected to continue to migrate.

A motion was made and seconded to approve the following amendments: to amend Sections 1, 3, 4, and 5 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 Environmental Protection: Division of Water: Public Water Supply

401 KAR 8:200. Microbiological monitoring. Julie Roney, drinking water coordinator, and Larry Taylor, legislative liaison, represented the division.

In response to questions by Co-Chair Harris, Mr. Taylor stated that these administrative regulations were being updated to coincide with federal updates. Ms. Roney stated that no increased cost for drinking water treatment facilities was expected; however, there were additional steps that would be required in certain situations.

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

401 KAR 8:300. Lead and copper.

A motion was made and seconded to approve the following amendment: to amend Section 1 to consolidate citations. Without objection, and with agreement of the agency, the amendment was approved.

401 KAR 8:700. Bottled water.

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 Natural Resources: Office of the Reclamation Guaranty Fund: Bond and Insurance Requirements

405 KAR 10:025 & E. Extension of performance bond subsidization. Keith Smith, executive director, represented the department.

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

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

501 KAR 6:060. Northpoint Training Center. Amy Barker, assistant general counsel, represented the department.

In response to a question by Co-Chair Harris, Ms. Barker stated that this administrative regulation was being updated similar to the other recent policy revisions to specific detention facilities. This was part of the annual review to retain the facility's accreditation and to update procedures as necessary.

A motion was made and seconded to approve the following amendments: (1) to amend policies 10-01-01, 11-05-02, 14-01-01, 15-03-02, 16-02-01, 17-01-01, and 25-03-01 to: (a) update citations; (b) clarify provisions; and (c) make technical changes; and (2) to amend Section 1 to change the edition date of the amended policies. Without objection, and with agreement of the agency, the amendments were approved.

Law Enforcement Council: Council

503 KAR 1:070. Training: qualifications; application. Dana Todd, assistant general counsel, represented the council.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO and STATUTORY AUTHORITY paragraphs to correct citations; and (2) 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.

503 KAR 1:080. Certification of schools.

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 to update citations; and (2) 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.

503 KAR 1:100. Certification of instructors.

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 to update citations; and (2) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Sections 1, 2, and 7 to comply with the

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

Department of Juvenile Justice: Child Welfare

505 KAR 1:110. Department of Juvenile Justice Policies and Procedures: program services. Chris Gillum, facilities regional administrator; LaDonna Koebel, assistant general counsel; and Kevin Warford, quality assurance branch manager, represented the department.

Co-Chair Harris stated that he appreciated the department's willingness to further work with stakeholders to address issues of concern and to protect children in the department's care. Ms. Koebel stated that Protection and Advocacy did not have concerns regarding this administrative regulation. The Department for Public Advocacy did have changes, which the department made.

A motion was made and seconded to approve the following amendments: (1) to amend Section 1 to correct policy titles and to change the edition date for the revised policies; (2) to amend policy 300 to: (a) align the definition of "meritorious good time" with KRS 197.045; and (b) clarify definitions; (3) to amend policy 300.1 to require annual rather than periodic assessment of the collective service needs of program youth; (4) to amend policy 300.2 to require admission letters to be mailed within seven rather than fourteen days to the committing judge; (5) to amend policy 301 to delete screening requirements that are contained in another policy; (6) to amend policy 301.1 to allow the personal property inventory to be kept in the youth's individual client record and to delete the provision that allowed jewelry, including medical alert jewelry and religious medallions, to be worn upon approval; (7) to amend policy 301.2 to limit culturally sensitive hair care maintenance to when a licensed professional is available and to remove hair setting and maintenance of existing cornrows from the provided services; (8) to amend policy 310 to require facility mail, telephone, and visitation procedures to be reviewed annually; (9) to amend policy 315 to allow a facility to maintain a petty cash fund of \$100 from the youth activity account fund for certain specified uses; (10) to amend policy 317 to except the Cadet Leadership and Education Program from the prohibition against using exercise as punishment and to limit the allowed exercise to the Exercise of the Day; (11) to amend policy 318.2 to clarify that when a juvenile signs a disciplinary report, he is verifying that he received the report and had an opportunity to respond rather than its accuracy; (12) to amend policy 319 to reduce the youth worker to juvenile staffing ratio at youth development centers from 1:16 to 1:12 and to reduce the staff ratio at group homes from 1:8 to 2:8 except when the youth are at school; (13) to amend policy 321 to delete the requirement that a youth's parent and juvenile service worker be notified of the use of restraints resulting in injury; (14) to amend policy 324 to require notification to a youth's juvenile service worker and parents or caregiver within 24 hours of the: (a) use of mechanical restraints, other than shackling for transportation purposes; (b) initiation of therapeutic restraints; or (c) use of a physical restraint

resulting in an injury to the child, except where the injury consists only of minor cuts, scratches, bruises, or red marks; (15) to amend policy 325 to require strip search procedures to be reviewed rather than reviewed and authorized by the director of medical services and the superintendent; (16) to amend policy 327 to require documented notification of a parent within two hours of a juvenile's unexpected absence from a day treatment program, foster care placement, or private child care agency; (17) to amend policy 329 to delete procedures for weekly progress summaries; (18) to amend policy 332 to require notification of a furlough seven rather than ten days before the furlough; (19) to amend policy 344 to require youths in group homes to receive library services through local school districts; (20) to amend policy 345 to require a response to a dietary request within seven business days; (21) to amend policy 347 to align the procedures for various sentence credits for youthful offenders with KRS 197.045; (22) to amend policy 351 to align the parole hearing procedures for youthful offenders with KRS 439.340; and (23) to amend policies 300, 300.2-303, 307, 308, 310, 315-318.1, 318.3, 319, 321-329, 331, 332, 334.2, 345, 347, and 351 to make minor clarifications and technical changes. Without objection, and with agreement of the agency, the amendments were approved.

PUBLIC PROTECTION CABINET: Department of Insurance: Financial Standards and Examination Division: Insurance Holding Company Systems

806 KAR 37:010. Insurance holding company systems. Russell Coy, insurance program manager, and DJ Wasson, administrative coordinator, represented the division.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO and STATUTORY AUTHORITY paragraphs to correct statutory citations; (2) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph, and Sections 1 through 4, 7, 8, 9, 13, 14, 15, 18, and 19 to comply with the drafting requirements of KRS Chapter 13A; (3) to amend Section 5 to establish examples of what kinds of further material information may be requested by the commissioner to make information contained in a filing not misleading; and (4) to amend the material incorporated by reference to correct a statutory citation on Form A, which cited to a repealed statute. Without objection, and with agreement of the agency, the amendments were approved.

Horse Racing Commission: Thoroughbred Racing

810 KAR 1:027. Entries, subscriptions, and declarations. Katherine Paisley, deputy general counsel, represented the commission.

A motion was made and seconded to approve the following amendments: to amend Sections 5, 7, 9, 12, and 15 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

Quarter Horse, Appaloosa and Arabian Racing

811 KAR 2:070. Entries, subscriptions and declarations.

A motion was made and seconded to approve the following amendments: to amend Sections 1, 3, 6, 7, 9, and 15 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

CABINET FOR HEALTH AND FAMILY SERVICES: Department for Public Health: Division of Epidemiology and Health Planning: Communicable Diseases

902 KAR 2:055. Immunization data reporting and exchange. Jeff Jagnow, internal policy analyst, and Hollie Sands, epidemiologist, represented the cabinet.

In response to a question by Co-Chair Marzian, Ms. Sands stated that this administrative regulation discontinued requirements pertaining to childcare facilities to parallel changes made by the Centers for Disease Control and Prevention in 2008.

A motion was made and seconded to approve the following amendments: (1) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph to clearly state the necessity for and function served by this administrative regulation, as required by KRS 13A.220; (2) to amend Section 2 to state that immunization results shall be reported for kindergartens and sixth grades and on specified immunization survey forms; (3) to amend Section 3 to incorporate by reference the required forms; and (4) to amend the STATUTORY AUTHORITY paragraph and Sections 1 and 3 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

Department for Community Based Services: Division of Family Support: Supplemental Nutrition Assistance Program

921 KAR 3:035. Certification process. Elizabeth Caywood, internal policy analyst, and Jason Dunn, program director, represented the cabinet.

In response to questions by Representative Lee, Ms. Caywood stated that the six month resubmission requirement was not a federally mandated policy, but was necessary because there had been problems for participants who failed to file or improperly filed a required six month update. With this policy change, all participants shall resubmit the application each six months. Some participants were confused about the update and did not submit the appropriate information; therefore, they had had benefits suspended. The application submittal may be made through the cabinet's Web portal, via a call services center, or through a paper submittal. The data from the six month submission was not yet used at the state level in Kentucky to demonstrate the effectiveness of the program. The average household allotment was \$200 to \$250 per month. There was not a monthly maximum allotment because the amount was calculated based on the number of household members. The program was limited to those at or below 130 percent of the federal poverty guidelines.

A motion was made and seconded to approve the following amendments: (1) to amend Section 5 to comply with the drafting requirements of KRS Chapter 13A; and (2) to amend Section 8 and the Six Month Review Form to provide additional information

to the SNAP recipient about the provision and use of the recipient's Social Security number in accordance with federal review findings from September 2014. Without objection, and with agreement of the agency, the amendments were approved.

921 KAR 3:090. Simplified assistance for the elderly program or "SAFE".

The following administrative regulations were deferred to the November 14, 2014, meeting of the Subcommittee:

EDUCATION PROFESSIONAL STANDARDS BOARD: Teaching Certificates

16 KAR 2:120. Emergency certification and out-of-field teaching.

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

200 KAR 1:015. Data Breach Notification Forms.

GENERAL GOVERNMENT CABINET: Board of Licensed Professional Counselors: Board

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

Mr. Judy requested that these administrative regulations be deferred for consideration at the November 14 meeting of the Subcommittee. Without objection, and with agreement of the Subcommittee, these administrative regulations were deferred.

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

JUSTICE AND PUBLIC SAFETY CABINET: Law Enforcement Council: Council

503 KAR 1:090. Approval of course curriculums.

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

601 KAR 14:020. Bicycle Safety standards.

Department of Highways: Division of Maintenance: Billboards

603 KAR 10:001. Definitions.

603 KAR 10:010. Static advertising devices.

603 KAR 10:020. Electronic advertising devices.

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

EDUCATION AND WORKFORCE DEVELOPMENT CABINET: Board of Education: Department of Education: School Terms, Attendance and Operation

702 KAR 7:140. School calendar.

FINANCE AND ADMINISTRATION CABINET: School Facilities Construction Commission: Procedures

750 KAR 1:030. Emergency and Targeted Investment Fund.

PUBLIC PROTECTION CABINET: Horse Racing Commission: Quarter Horse, Appaloosa and Arabian Racing

811 KAR 2:090. Objections and complaints.

Office of Occupations and Professions: Board of Home Inspectors: Board

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

815 KAR 6:080. Continuing education provider.

CABINET FOR HEALTH AND FAMILY

SERVICES: Department for Public Health: Division of Health Care: Health Services and Facilities

902 KAR 20:008. License procedures and fee schedule.

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

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

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

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

The meeting was adjourned at 1:50 p.m. until November 14, 2014, at 1 p.m.

PROGRAM REVIEW AND INVESTIGATIONS COMMITTEE Minutes

October 9, 2014

Call to Order and Roll Call

The Program Review and Investigations Committee meeting was held on Thursday, October 9, 2014, at 1:00 PM, in Room 131 of the Capitol Annex. Senator Christian McDaniel, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Christian McDaniel, Co-Chair; Representative Martha Jane King, Co-Chair; Senators Ernie Harris, Dorsey Ridley, Dan "Malano" Seum, and Whitney Westerfield; Representatives Leslie Combs, Ruth Ann Palumbo, Rick Rand, and Arnold Simpson.

Guests: Clifford "Rip" Rippetoe, President, Kentucky State Fair Board

LRC Staff: Greg Hager, Committee Staff Administrator; Christopher Hall; Colleen Kennedy; Van Knowles; Jean Ann Myatt; William Spears; Shane Stevens; Joel Thomas; Kate Talley, Committee Assistant.

Staff Report: Kentucky State Fair Board

Mr. Hall said that the Kentucky State Fair Board (KSFB), an agency of the Tourism, Arts, and Heritage Cabinet, owns and operates two event facilities in Louisville. The Kentucky International Convention Center, located downtown, has 200,000 square feet of contiguous exhibit space. Built in 1977 and renovated in 1999, it hosts events such as national and international conventions, trade shows, and seminars.

The Kentucky Exposition Center opened in 1956 as a multi-purpose complex for hosting major tradeshow, conventions, concerts, sporting events, and agricultural shows. It is the sixth largest facility of its kind in the country, with 1.2 million square feet of exhibit space.

The Convention Center was booked year-round in 2013, hosting 166 events. One half of the events were meetings and seminars, with trade shows and conventions representing an additional quarter of events held last year.

The Exposition Center was also booked year-round, hosting 217 events. More than half of these were sports events, meetings, public expositions, and catered affairs. The Exposition Center is also home to four in-house-produced shows: the State Fair, the National Farm Machinery Show, the North American International Livestock Exposition, and the World's Championship Horse Show, which is held as part of the State Fair.

By statute, the Fair Board is governed by a 15-member board composed of the governor, the Commissioner of Agriculture, the dean of the College of Agriculture at the University of Kentucky, and 12 governor-appointed members. The governor, commissioner, and dean are ex officio members and the remaining 12 are appointed to 4-year renewable terms, all with full voting rights. The 12 governor-appointed seats must include one representative each from the American Saddlebred Horse Association, the Kentucky Association of Fairs and Horse Shows, the Kentucky Farm Bureau Federation, the Kentucky Livestock Improvement Association, and the Kentucky State National Farmers Organization.

On October 6, 2014, the Governor issued an executive order to reorganize KSFB. The number of voting members is increased from 15 to 17, and two nonvoting members are added. Remaining on the board are the governor, the Commissioner of Agriculture, the dean of the College of Agriculture at the University of Kentucky, and gubernatorial appointees representing the Kentucky Association of Fairs and Horse Shows, the American Saddlebred Horse Association, and the Kentucky Farm Bureau Federation.

A gubernatorial appointee representing the Louisville Convention and Visitors Bureau is added. The governor also appoints 10 state-at-large members, including one who is experienced in animal agriculture and another who is experienced in agribusiness. The added nonvoting members are the state presidents of the Kentucky FFA Association and the Kentucky 4-H Organization. Removed from the board were representatives of the Kentucky Livestock Improvement Association and the Kentucky State National Farmers Organization because these organizations were not locally active or no longer existed.

By statute, KSFB elects a chairman and vice chairman from its governor-appointed members. Under the executive order, the governor appoints the chairman and vice chairman. By statute, a quorum of the board consists of five members and a majority of those present at any meeting for the transaction of business. Under the executive order, a majority of voting members (nine) constitutes a quorum.

KRS Chapter 247 requires KSFB to promote the progress of the state and stimulate public interest in the advantages and development of the state by providing the agency-owned facilities for hosting events that are calculated to advance the visitor industry, the economy, and the cultural and educational interests of the public.

To fulfill this mandate, the statute allows KSFB to acquire and hold property and to have custody and control of any such property, including the Convention Center and the Exposition Center. It

also establishes that KSFB has exclusive control of concessions, exhibitions, shows, entertainment, and attractions on its properties.

The only event KSFB is required by statute to host is the North American International Livestock Exposition. The production of the annual State Fair is not mandated.

KSFB is also responsible for hiring a president from outside its membership to serve as the chief executive officer of the board. The board determines the terms, conditions, and compensation of its president, who serves at the pleasure of the board under a contract not to exceed four years without renewal.

KSFB meets monthly in Louisville to establish and revise agency policies. The board has no written bylaws or document showing items that require board approval. KSFB staff explained that they rely on provisions of KRS Chapter 247 to determine when board approval is required for a particular matter. They noted that the board approves policies related to the operation and management of agency-owned facilities, including the biennial and monthly operating budget, long-term lease agreements, personal service contracts, fee and rate changes, capital improvements, and certain personnel matters.

KSFB's workload is divided among five standing committees. Committee members work directly with relevant staff and report their findings and recommendations at monthly meetings for discussion or final approval.

As of August 2014, KSFB employed 225 full-time staff and more than 700 temporary staff.

Although not required by statute, KSFB staff produce an annual report that provides an overview of the agency and summarizes events held at the convention center and the exposition center each year, including estimates of the impact these events had on local and state economies.

They also publish a two-year business plan, which provides a more detailed financial picture of the agency, including KSFB's strategies for moving forward by providing goal-oriented benchmarks for improving revenue, efficiency of operations, and infrastructure.

KRS Chapter 247 mandates the Auditor of Public Accounts to conduct an annual audit of KSFB. The auditor's office has had no major findings or recommendations for KSFB over the past four years.

Mr. Spears said that KSFB's short-term costs are funded by event revenue and land leases. Vendors pay to rent facility space, to participate in events, and to use services such as freight handling, Internet technology services, and catering. Revenue is also generated by leasing space to businesses.

KSFB may request appropriations if it is unable to meet its budget or if it requires bonds to finance a project. Statute also allows it to receive appropriations for insurance premiums.

Kentucky statute requires fair board revenue to be spent on expenses and operations. Any remaining funds must be used to reduce admission fees and charges for attending the state fair or using fair board facilities. Fair board revenue may not be appropriated to other agencies or functions.

Program Review staff reviewed KSFB finances

over a 7-year period. In fiscal year 2013, KSFB generated \$45.8 million in revenue and spent \$54.6 million. KSFB had a deficit over the period except for fiscal year 2012, in which revenues exceeded expenditures by \$1.1 million, largely due to a \$5.5 million appropriation.

The primary source of KSFB revenue was direct event income, more than \$40 million in FY 2013. Direct event income was earned from events held at facilities, including rental fees, providing services, and concession commissions.

Restricted income—\$2.4 million in FY 2013—was received from insurance benefits, sales of bonds, or financial guarantees related to debt service payments. Restricted income peaked in 2012 when the Hyatt Regency bought out its lease. Lease rental income—\$1.6 million in FY 2013—was generated by renting land to businesses. From FY 2007 to FY 2012, lease income decreased 50 percent due to the closing of businesses such as the Hyatt Regency and the Executive Inn East.

Other operating income includes any income not related to events held at fair board facilities, such as advertising on billboards and payments for recycling products.

The Kentucky Exposition Center had deficits in 4 years from FY 2007 to FY 2013. In two of the years in which revenues exceeded expenditures, the exposition center received appropriations: almost \$400,000 in FY 2007 and almost \$250,000 in FY 2008.

The International Convention Center operated at a deficit, which peaked in FY 2011, from FY 2007 to FY 2013.

Program Review staff estimated profit earned per dollar spent for the two most recent years of data for KSFB-produced events. A dollar spent on the World's Championship Horse Show generated profits of 52 cents in 2012 and 37 cents in 2013. A dollar spent on the National Farm Machinery Show generated profits of \$4.73 in 2013 and \$5.13 in 2014. A dollar spent on the State Fair resulted in losses of 5 cents in 2012 and 7 cents in 2013. A dollar spent on the North American International Livestock Exposition resulted in losses of 22 cents in 2012 and 17 cents in 2013.

Economic impact refers to the effect that events held at the two centers have on the local economy and on the state and local tax base. The effect is from out-of-state visitors spending money that would have been spent elsewhere had the events not occurred.

Impact estimates are provided by the Louisville Convention and Visitors Bureau based on the number of hotel room nights booked and the number of exhibitor booths at shows. These estimates do not include tax revenue and secondary spending. Estimates were provided for approximately 53 percent of events hosted at KSFB facilities in 2013.

The 112 Exposition Center events contributed to an estimated \$204 million economic impact. Conventions provided the largest impact, primarily due to the National FFA convention, which provided an estimated \$40 million of economic impact.

The 95 International Convention Center events contributed to an estimated \$73 million economic impact. Conventions provided more economic impact than all other categories combined. The largest

event held in 2013 was a National Association for Healthcare Quality convention with a \$16.3 million estimated economic impact.

The first major conclusion is that KSFB events impact local and state economies by attracting out-of-state visitors. The Louisville Convention and Visitors Bureau calculated economic impact for approximately half of the events held at KSFB facilities in 2013 to be \$277 million.

KSFB debt decreased to less than \$63 million in fiscal year 2013, more than \$40 million of which did not have to be paid in the current year. From FY 2007 to FY 2013, debt has decreased by almost 4 percent.

KSFB identified financial challenges in its 2014-2016 business plan. Six Flags Kentucky Kingdom filed for bankruptcy after 2009, and the Executive East Hotel was demolished. Retirement costs are expected to increase by \$2.1 million through FY 2015 and FY 2016. Health care costs are expected to increase by almost \$244,000 through the same period. Debt service for construction was estimated to be almost \$7.4 million over FY 2015 and FY 2016. Cardinal Stadium was declared unsafe and portions used for storage could not be used for state fairs. KSFB estimated it lost \$2.2 million in annual revenue because basketball programs moved to the KFC Yum! Center.

Kentucky's 2006-2008 budget bill provided state-supported bond funds for the KFC Yum! Center's construction. The bill specified KSFB was required to manage the center and KSFB would be reimbursed for any business that moved to the center. KSFB operated the center from October 2010 to July 2012. The operating agreement between KSFB and the Louisville Arena Authority established that the reimbursement could be funded only if the center's operations account possessed excess funds and debt payments could be made. When the agreement was terminated on July 1, 2012, no funds had been set aside for reimbursement.

A May 7, 2013, KSFB invoice to the Arena Authority provided a summary of charges totaling \$1.47 million, which included costs for labor, management fees, parking, and office charges. In May 2013, the Arena Authority drafted a resolution agreeing to pay it "in full satisfaction and discharge of all obligations of" the Arena Authority to KSFB. KSFB issued a statement saying the invoice did not relieve the authority of monies that may be due in the future. A March 13, 2014, Arena Authority memorandum took the position that the Arena Authority had no financial obligation beyond the \$1.47 million. An April 2014 correspondence from the KSFB president to Capital Projects and Bond Oversight Committee staff estimated KSFB lost approximately \$7.5 million in business to the center for 2011 through 2013.

Program Review staff collected revenue information on 53 event facilities to determine how KSFB facilities compared to other event facilities in the US. There did not appear to be a connection between net income and event space. More than 80 percent of sampled facilities had a net income of less than \$1 million in FY 2013. There were 34 sampled facilities, 64 percent, with net losses in FY 2013.

Almost 50 percent of the 53 facilities with

financial reports received assistance in FY 2013. Facilities that generated significant profits received financial assistance such as tax revenue or state appropriations.

The second major conclusion is that from FY 2007 to FY 2013, KSFB's net income ranged from an \$11.1 million deficit to a \$1.1 million surplus. Low or negative net income is typical of US event facilities.

Mr. Hall said that to gain a better understanding of the industry as a whole, Program Review staff compiled a list of 165 event facilities in 45 states with at least 100,000 square feet of indoor exhibit space. More than half of the facilities, including the Kentucky International Convention Center, have less than 250,000 square feet of exhibit space. Only 12 facilities, including the Kentucky Exposition Center, have more than 1 million square feet of exhibit space. Staff were able to determine the owner and operations manager for 156 of these facilities. More than 90 percent were owned by a government agency. Of these, nearly 65 percent are also managed by that same agency. Less than 10 percent of the sampled facilities were owned and operated by a private company.

Staff sent a questionnaire to all 165 facilities asking about contracted services and government oversight, with 77 of the facilities responding. Contracted services included those related to maintenance such as grounds keeping, custodial care, and building maintenance, and those related to client services such as audio-visual, food, and event security.

The three basic models of ownership and operations found among the surveyed facilities were publicly owned and operated, publicly owned and privately operated, and privately owned and operated.

More than three-quarters of the surveyed facilities are publicly owned and operated, ranging in size from 100,000 to 1.4 million square feet of exhibit space. The most common arrangement among publicly owned and operated facilities is using government employees to provide some services but contracting with private firms for others. Nearly two-thirds of the facilities in this group contract out one or more client services and nearly one-half contract out one or more maintenance services. For example, KSFB facilities contract out grounds keeping, custodial care, audio/visual, and food services, but use in-house staff for grounds keeping and event security.

All of the facilities in this group have some level of government oversight. Nine, including the Kentucky International Convention Center and the Kentucky Exposition Center, were overseen by a board, were included in a state or city annual audit, and submitted an annual report. The remaining 42 facilities had at least one type of oversight, having a board being the most common.

The third major conclusion is that KSFB has a comparatively high level of oversight. It is governed by a board, is included in the annual statewide audit, and voluntarily produces an annual report.

Five of the publicly owned and operated facilities use in-house staff to provide all maintenance and client services. All five were governed by a board and one facility was also included in an annual audit and another facility was required to submit an annual

report. Two of the publicly owned and operated facilities contracted out all maintenance and client services. One of them was overseen by a governor-appointed board and the other reported to the mayor of the city in which it was located.

Nearly one-quarter of the facilities that responded to staff's questionnaire were publicly owned and operated by a private company. These facilities were located in 15 states and ranged in size from 102,000 to 1.1 million square feet of exhibit space.

Of the 16 publicly owned and privately operated facilities, three of the management companies used their own employees to meet all services. Most contracted out at least one client service, with food service the most common. Grounds keeping was the most commonly contracted maintenance service. All of the facilities in this group had some government oversight.

Two facilities operated in much the same manner as those just described but had no government oversight. A nonprofit organization managed operations at one facility and a venue management company ran operations for the other.

Only one privately owned and operated facility responded to staff's questionnaire. The company responsible for managing operations at this 166,000 square foot facility used its own employees to provide all maintenance and client services except audio/visual. There was no government oversight.

Staff reviewed five contracts between publicly owned facilities and SMG, a venue management company. Each contract specified that SMG was hired to be the sole manager of the facility and was responsible for managing operations, maintaining the buildings, promoting events, and providing concessions for the facility. SMG was not required to use its own funds for the operation and maintenance of the facilities, and was reimbursed for any emergency work.

In each contract, SMG was authorized to receive an annual base management fee, which ranged from \$150,000 to \$350,000, regardless of performance. SMG was also able to earn an incentive fee based on performance. Performance measures varied between contracts, but most were tied to either revenue or some measure of economic impact, such as local lodging nights. Oversight of SMG's operations was through yearly audits and monthly reports.

The fourth major conclusion is that the ownership and management of KSFB facilities, and the degree to which it privatize services, is typical of US event facilities. The International Convention Center and the Exposition Center are publically owned and operated, use public employees to provide some services, but contract with private companies for others.

Minutes for September 11, 2014

Upon motion by Representative Simpson and second by Senator Westerfield, the minutes for the September 11, 2014, meeting were approved by voice vote, without objection.

Response to Staff Report

Mr. Rippetoe stated that KSFB is an economic driver. In 2005, an economic impact study conducted by the University of Louisville indicated a \$435

million impact. Another study is being conducted.

He clarified that the Kentucky International Convention Center has 146,000 contiguous square feet, not 200,000 as indicated in the report.

In response to a question from Senator Harris, Mr. Hall explained that the governor has the authority to supersede statute with an executive order.

In response to a question from Senator Harris regarding the relationship between KSFB and Kentucky Kingdom, Mr. Rippetoe explained that the contract is based on performance. They share revenue on parking. People who attend Kentucky Kingdom may participate in other events on campus. Now that the first season is complete, they will analyze the impact.

In response to questions from Senator Harris, Mr. Rippetoe said that a study indicates that there is a need for a hotel near the South Wing. FFA has shown interest and KSFB is working on a master plan. The loss of Cardinal Stadium had a huge impact on KSFB.

Convention centers are being constructed across the US. Many convention centers now compete with each other for shows, with more square footage available than shows. Currently, KSFB competes with Nashville, Indianapolis, Columbus, and Charlotte. Shows for 2021 and 2022 are being booked now.

In response to a question from Senator Harris, Mr. Rippetoe stated that Cardinal Stadium was declared unsafe in 2013. The field was found to be safe and KSFB used it for its "turf shows" concert series. Money spent on renovations to the stadium would be poorly spent; the stadium should be razed.

In response to a question from Senator Seum on the number of events at KSFB facilities, Mr. Rippetoe explained that KSFB measures "event days" and "utilizations days." Program Review staff will look into the number of days both KSFB facilities were in use and send the information to him.

In response to a question from Senator Seum about the International Convention Center being an economic drag to KSFB, Mr. Rippetoe replied that both facility operations have losses, but the economic impact must be considered.

Senator Seum asked if KSFB members were paid. Mr. Rippetoe replied that members receive a \$100 stipend for each meeting they attend.

In response to questions from Senator Westerfield, Mr. Hall replied that KSFB's minutes over the last three years showed their practices and policies to be consistent. He clarified that the management company SMG was used by other facilities reviewed in the study, but it is not used by KSFB.

In response to a question from Representative King on the status of the payment owed by the Louisville Arena Authority, Mr. Rippetoe clarified that the amount owed on outstanding management fees was \$1.47 million. KSFB has received \$100,000 in cash and \$150,000 worth of tables and chairs so far. The remaining balance will be paid incrementally.

In response to a question from Representative King, Mr. Rippetoe said that every event KSFB holds has an economic impact, although it is hard to directly relate it to a specific event.

In response to questions from Representative Simpson, Mr. Rippetoe said the major competitors

for KSFB facilities are Kansas City, St. Louis, Columbus, Charlotte, and Nashville. Louisville's convention center is too small. Non-contiguous space is a problem and the planned renovation will open 25 percent more of the market. The idea of closing the street between the convention center spaces is not part of the current request for proposals and is impractical due to cost.

In response to a question from Representative Arnold regarding financing for the renovation project, Mr. Rippetoe said that the state has already approved \$56 million in bonding, which will be added to \$124 million in bonding provided through a partnership with the Louisville Convention and Visitors Bureau and the hotel bed tax. KSFB is interviewing architects and construction will hopefully start in the summer of 2016.

In response to a question from Senator Westerfield, Mr. Rippetoe said the five larger facilities are located in Las Vegas, Orlando, Chicago, New Orleans, and New York City.

In response to a question from Senator Westerfield on how the economic impact is determined, Mr. Hall said that the Louisville Convention and Visitors Bureau uses the number of hotel nights and booths reserved during events to determine the impact. The 2005 study done by the University of Louisville used more comprehensive data to determine the economic impact.

Senator McDaniel commented that these estimates used pre-show numbers to determine the economic impact.

In response to a question from Senator Rand, Mr. Rippetoe said that the budget has solidified, but the economy, weather, and competition affect revenue. KSFB cannot sacrifice on service or it will gain a reputation for poor customer service and lose business.

In response to a question from Senator Rand, Mr. Rippetoe said that creating a master plan will take 8 to 9 months. KSFB will meet with market groups to gain feedback and build relationships.

In response to a question from Senator Rand regarding the FFA Convention, Mr. Rippetoe said that the National FFA Convention will be held in Louisville in two weeks and again in 2015. For 2016 and 2017, the National FFA convention will be held in Indianapolis. KSFB will negotiate for future events.

Senator McDaniel expressed disappointment that the Louisville Arena Authority sent only a written response to the committee's request to appear at the meeting. The response was read aloud and distributed to the committee members. He mentioned using the committee's subpoena power to require the Louisville Arena Authority to appear, if necessary.

In response to questions from Senator McDaniel regarding the profits and losses of events produced by KSFB, Mr. Rippetoe said that show costs were calculated with direct event expense and income being separated from overhead. Specific overhead information was not known, but will be sent.

In response to questions from Senator McDaniel, Mr. Rippetoe said that both garages in downtown Louisville are profitable. Mr. Rippetoe said that he is unaware of another state that manages and operates four shows. KSFB is looking at adding an additional

show in its master plan.

In response to a question from Senator Seum, Mr. Rippetoe said that the Hyatt was sold, but the attached parking garage was retained by KSFB.

Upon motion by Representative Simpson and second by Senator Westerfield, the report was voted on to be approved. The report was not adopted due to the lack of a quorum, but it will be reconsidered at the next committee meeting.

The meeting was adjourned at 2:12 PM.

2015 Prefiled Bills

BR 4 - Representative Reginald Meeks (11/17/14)

AN ACT relating to DNA.

Amend KRS 17.169 to include local law enforcement as persons authorized to collect DNA samples; amend KRS 17.170 to provide for the collection of DNA samples at arrest or initial appearance from all persons charged with a felony offense; amend KRS 17.175 to provide for expungement of DNA samples in specified circumstances and allow use of all samples collected in good faith; amend KRS 64.060 to establish a \$5 payment from the State Treasury to the collecting agency for each DNA sample collected.

(Prefiled by the sponsor(s).)

BR 7 - Representative Kelly Flood (05/30/14)

AN ACT relating to public benefit corporations.

Amend KRS 14A.3-010, 271B.1-400, 271B.2-020, 271B.6-260, 271B.7-400, 271B.8-300, 271B.13-020, and 271B.16-210, and create a new section of Subtitle 11 of KRS Chapter 271B to establish public benefit corporations.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Judiciary

BR 11 - Representative Diane St. Onge (06/04/14)

AN ACT relating to drone surveillance.

Create a new section of KRS Chapter 500 to define “drone”; prohibit a law enforcement agency from using a drone to gather evidence or other information; provide exceptions; prohibit use of evidence obtained in violation; provide that the Act may be cited as the “Citizens’ Freedom from Unwarranted Surveillance Act.”

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Judiciary

BR 14 - Representative Diane St. Onge (06/04/14)

AN ACT relating to preserving the right of Kentuckians to own and use firearms.

Create new sections of KRS Chapter 237 to declare legislative intent; invalidate and nullify all federal laws and regulations restricting ownership or possession of firearms; direct the General Assembly to take all appropriate action to safeguard Kentuckian’s rights to possess firearms in accordance with the second Amendment to the Constitution of the United States and Section 1 of the Constitution of Kentucky; amend KRS 527.040 to add persons who have been

dishonorably discharged from the Armed Forces of the United States and persons illegally or unlawfully in the United States to the list of persons who shall not possess firearms.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Judiciary

BR 19 - Senator Gerald A. Neal (07/16/14)

AN ACT relating to the abolition of the death penalty.

Create a new section of KRS Chapter 532 to abolish the death penalty and replace it with life imprisonment without parole for inmates presently sentenced to death; amend various sections of the Kentucky Revised Statutes to eliminate the term “capital offense” and replace it with Class A felony; amend KRS 532.030, relating to authorized dispositions for felony offenses, to permit imprisonment for life without parole and imprisonment for life without parole for 25 years for offenses formerly denominated as capital offenses; amend KRS 533.010, relating to probation, to prohibit probation for a person sentenced to life without parole or life without parole for 25 years; amend KRS 640.040, relating to penalties for juveniles convicted of felony offenses, to authorize imprisonment for life without benefit of parole for 25 years, but not life imprisonment without benefit of parole, for a Class A felony which was formerly a capital offense; repeal various statutes relating to imposition of the death penalty.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Judiciary

BR 20 - Senator Gerald A. Neal (07/16/14)

A CONCURRENT RESOLUTION establishing the Task Force on the Costs of the Death Penalty in Kentucky.

Establish a task force to study the costs of administering the death penalty in Kentucky; establish membership of task force; provide that the task force is to study the costs to the state and local governments related to administering the death penalty in all phases of the criminal justice system and the number and outcomes of death-eligible cases; require the task force to submit a report to the Legislative Research Commission by December 1, 2015.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Judiciary

BR 21 - Senator Gerald A. Neal (07/16/14)

AN ACT proposing an amendment to Section 145 of the Constitution of Kentucky relating to persons entitled to vote.

Propose to amend Section 145 of the Constitution of Kentucky to allow persons convicted of a felony, other than felonies designated by the General Assembly, the right to ; submit to the voters for ratification or rejection.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Judiciary

BR 22 - Senator Gerald A. Neal (07/16/14)

AN ACT relating to offender reentry.

Amend various sections in KRS Chapter 335B relating to employment and licensure of persons convicted of crime to narrow the class of offenses to which the chapter applies; add consideration of the passage of time since the commission of the offense to the criteria considered in making licensure decisions; delete language relating to a hiring or licensing authority’s subjective view of an ex-offender’s rehabilitation; require a connection between the offense and the licensure category before a licensure denial is issued; repeal, reenact, and amend KRS 335B.060 to exempt peace officers and other law enforcement personnel as well as licensure categories preempted by federal law; repeal KRS 335B.040, relating to denial of license on ground of abuse of good moral character.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Judiciary

BR 30 - Representative Diane St. Onge (07/02/14)

AN ACT relating to the valuation of motor vehicles for property tax purposes.

Amend KRS 132.485 to clarify that the “rough trade-in” value or “clean trade-in” value shall not be used to determine the standard value of a motor vehicle.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Transportation

BR 31 - Representative Diane St. Onge (07/11/14)

AN ACT relating to individual income tax.

Create a new section of KRS Chapter 141 to allow an extension of time for filing a refund claim for an individual who: received an airline payment amount and transferred any portion of the amount to an IRA according to Section 1106 of the federal FAA Modernization and Reform Act of

2012, Public Law 112-95; filed an amended return with the Internal Revenue Service excluding the airline payment amount from federal gross income, received a refund of the federal income tax based upon the amended return and filed an amended return with the Department of Revenue requesting a refund, was denied a refund of Kentucky income tax based on KRS 134.580, and received a refund of the federal income tax based upon an amended return filed; require certain documentation to be filed with the amended return; allow the amended return to be resubmitted on or before December 30, 2015.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Appropriations and Revenue

BR 34 - Representative Stan Lee (08/05/14)

AN ACT relating to interscholastic extracurricular activities.

Create a new section of KRS Chapter 158 to authorize participation in a public school interscholastic extracurricular activity by a private school student when the private school does not offer the interscholastic extracurricular activity; establish criteria for participation therein.

(Prefiled by the sponsor(s).)

To: Education

BR 35 - Senator Reginald Thomas (06/25/14)

AN ACT relating to oaths.

Amend KRS 6.072 to require witnesses appearing before a committee to take an oath prior to giving testimony.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on State Government

BR 36 - Senator Reginald Thomas (07/08/14)

AN ACT relating to general principles of justification.

Create a new section of KRS Chapter 503 to incorporate the “no duty to retreat” provisions elsewhere in the chapter; amend KRS 503.050, 503.055, 503.070, and 503.080 to require a reasonable belief that defensive force is necessary before it is justified; change the term “great bodily harm” to “serious physical injury” as used throughout the Penal Code; amend KRS 503.060 to require an initial aggressor to retreat before the use of force can be rejustified; prepal KRS 503.120.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Judiciary

BR 37 - Senator Reginald Thomas (09/12/14)

AN ACT relating to deferred deposit transactions.

Amend KRS 286.9-010, relating to deferred

deposit transactions, to define “annual percentage rate,” “consideration,” and “interest”; amend KRS 286.9-100 to delete the service fee of \$15 per \$100 loan and establish a tiered maximum annual percentage rate based on the face amount of the deferred deposit check; provide that making a deferred deposit transaction in violation of the maximum interest provisions is an unfair, false, misleading and deceptive practice in violation of the Consumer Protection Act and subject to its rights and remedies; prohibit a licensee from engaging in deceptive practices to evade the requirements of Subtitle 9 of KRS Chapter 286; amend KRS 286.9-102 to require a licensee to conspicuously display interest charges for services; create a new section of Subtitle 9 of KRS Chapter 286 to provide that knowing violation of the maximum allowable interest rate provisions shall be deemed a forfeiture of the entire interest for the transaction and that the person who paid the interest, or his or her legal representative, may recover twice the amount paid in any action against the lender if commenced within two years of the deferred deposit transaction.

(Prefiled by the sponsor(s).)

To: Banking and Insurance

BR 38 - Representative Rick G. Nelson (09/22/14)

AN ACT relating to mandatory prosecutorial training in driving under the influence cases.

Amend KRS 15.718 to require the Attorney General to provide mandatory training to prosecutors concerning the prohibition on the amendment of per se driving under the influence charges.

(Prefiled by the sponsor(s).)

To: Judiciary

BR 39 - Representative Rick G. Nelson (09/22/14)

AN ACT relating to prosecutions for driving under the influence.

Amend KRS 189A.010 to require prosecuting attorneys to conduct criminal background checks on defendants prior to filing charges.

(Prefiled by the sponsor(s).)

To: Judiciary

BR 40 - Representative Thomas Kerr (07/10/14)

AN ACT relating to grandparent visitation rights.

Repeal and reenact KRS 405.021 to grant visitation to grandparents if it is in the child’s best interest based on listed factors.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Judiciary

BR 55 - Representative Reginald Meeks (11/17/14)

AN ACT related to the interference of the operation of an aircraft.

Create a new section of KRS Chapter 183 to prohibit the discharging of a laser at an aircraft that is in motion; provide exemptions for operations conducted by the Federal Aviation Administration, U.S. Department of Defense, and the U.S. Department of Homeland Security; amend KRS 183.990 to establish penalties of a Class A misdemeanor for a violation or a Class D felony if the violation causes a change of course or a serious disruption that threatens the physical safety of the passengers and crew of the aircraft.

(Prefiled by the sponsor(s).)

BR 56 - Senator John Schickel (07/02/14)

AN ACT relating to trafficking in heroin.

Amend KRS 218A.1412 to require that persons who violate that section by trafficking in heroin be charged as Class C felons for the first offense and to require that those persons serve at least 50% of the sentence imposed for the violation before being released on probation or parole.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Judiciary

BR 57 - Senator John Schickel (07/03/14)

AN ACT relating to school funding.

Amend KRS 157.310 to clarify the intention of the General Assembly that no mandate be placed on the public schools without program funding to carry out the mandate; require legislation relating to the public schools that includes a fiscal note pursuant to KRS 6.955 or a state mandate pursuant to KRS 6.965 to include provision for funding that is adequate for compliance with the mandate; clarify that no school district shall be compelled to comply with mandated enactments of the General Assembly that do not provide adequate funding.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Education

BR 58 - Representative Brent Yonts (07/31/14)

AN ACT relating to the transfer of academic credit.

Amend KRS 164.2951 to require the Council on Postsecondary Education to implement a dual credit course policy; amend KRS 164.583 to require acceptance of articulated credit courses at all public colleges and universities.

(Prefiled by the sponsor(s).)

To: Education

BR 64 - Representative Kim King (08/21/14)

AN ACT relating to sex offender registrants.

Amend KRS 17.545 to prohibit sex offender registrants from being present on the grounds of a publically owned playground without advance written permission.

(Prefiled by the sponsor(s).)
To: Judiciary

BR 65 - Representative Kim King (08/21/14)

AN ACT relating to legislative procedures for state fiscal measures.

Create a new section of KRS Chapter 6 to require roll call votes on any appropriation or revenue-raising measure voted upon in the Senate or House or a committee thereof; require identification of appropriation or revenue measures as state fiscal measures by the director of the Legislative Research Commission, or upon a determination by the Senate or House or a committee of either; require separate votes for appropriations or revenue measures; require committees to vote on appropriation and revenue measures by roll call votes.

(Prefiled by the sponsor(s).)
To: Appropriations and Revenue

BR 66 - Representative Kim King (08/21/14)

AN ACT relating to foreign law.

Create new sections of KRS Chapter 454 to establish legislative intent that the rights of an individual afforded under the Constitutions of the Commonwealth and the United States take precedence over the application of any foreign law in any judicial or quasi-judicial proceeding; define specific terms; strictly construe waivers of constitutional rights; provide exceptions for corporate entities; prohibit choice of venue outside of the Commonwealth or United States to preserve the constitutional rights of the person against whom enforcement is sought.

(Prefiled by the sponsor(s).)
To: Judiciary

BR 67 - Representative Kim King (08/21/14)

AN ACT relating to school notification of persons authorized to contact or remove a child.

Create a new section of KRS Chapter 620 to require the Cabinet for Health and Family Services, if the cabinet is granted custody of a dependent, neglected, or abused child, to notify the school in which the child is enrolled of persons authorized to contact the child or remove the child from school grounds.

(Prefiled by the sponsor(s).)
To: Education

BR 68 - Representative Kim King (08/21/14)

AN ACT proposing an amendment to Section 42 of the Constitution of Kentucky relating to compensation for members of the General Assembly.

Propose to amend Section 42 of the Constitution of Kentucky to prohibit members of the General Assembly from receiving legislative pay for a special session that has been called by the Governor

because the General Assembly adjourned without passing a state budget; submit to the voters with ballot question.

(Prefiled by the sponsor(s).)
To: State Government

BR 69 - Representative Thomas Kerr (07/15/14)

AN ACT relating to the inheritance tax.

Amend KRS 140.070 to redefine class A beneficiaries to include daughters-in-law and sons-in-law for purposes of the inheritance tax; provide that the amendment applies to estates of decedents dying on or after July 1, 2015.

(Prefiled by the sponsor(s).)
To: Interim Joint Committee on Appropriations and Revenue

BR 70 - Representative Hubert Collins (08/05/14)

AN ACT relating to the disposal of vehicles forfeited to law enforcement agencies.

Amend KRS 218A.420, regarding the disposition of forfeited property, to clarify that any vehicle forfeited which is contaminated with methamphetamine shall not be used, resold, or salvaged for parts, but shall instead be destroyed or salvaged for scrap metal; clarify that determination of methamphetamine contamination is made by law enforcement agencies; clarify that the presence of prepackaged materials or other products or precursors not subject to extraction shall not qualify a vehicle as being contaminated.

(Prefiled by the sponsor(s).)
To: Judiciary

BR 71 - Representative Hubert Collins (08/05/14)

AN ACT relating to the valuation of motor vehicles for property tax purposes.

Amend KRS 132.485 to clarify the standards for appraising the value of motor vehicles that are 20 years old or older for property tax purposes, by providing that no vehicle of said age shall be presumed to have been maintained or restored to either the original factory condition or any otherwise classic condition, and also by establishing the standard value of said vehicles; provide that the Act shall apply to motor vehicles assessed on or after January 1, 2016.

(Prefiled by the sponsor(s).)
To: Transportation

BR 78 - Senator John Schickel (10/07/14)

AN ACT relating to fishing license exemptions.

Amend KRS 150.170 to exempt landowners, their spouses, dependent children, and tenants and their dependent children from the requirement of procuring a sport fishing license if they are taking fish from private waters on lands of which they are bona

fide owners.

(Prefiled by the sponsor(s).)
To: Natural Resources and Environment

BR 79 - Representative Rocky Adkins (07/22/14)

A CONCURRENT RESOLUTION honoring the aviation and aerospace industry upon being the top industry exporter in the Commonwealth, and requesting an evaluation of the aviation infrastructure and the industry's current employment and total economic impact upon the Commonwealth.

Honor the aviation and aerospace industry upon being the top industry exporter in the Commonwealth; request the Transportation Cabinet and the Cabinet for Economic Development to evaluate and report on the aviation infrastructure, the industry's current employment, and the total economic impact on the Commonwealth.

(Prefiled by the sponsor(s).)
To: Interim Joint Committee on Economic Development and Tourism

BR 80 - Senator Jimmy Higdon (07/22/14)

AN ACT relating to the safety of minors and declaring an emergency.

Create a new section of KRS Chapter 411 to provide civil immunity for damaging a vehicle to a person who enters a vehicle with the good faith belief that a minor is in imminent danger of harm if not removed from the vehicle; encourage Transportation Cabinet to implement education on children left in vehicles; EMERGENCY.

(Prefiled by the sponsor(s).)
To: Interim Joint Committee on Judiciary

BR 82 - Senator Reginald Thomas (08/18/14)

AN ACT relating to education.

Amend KRS 157.200 to provide that programs for special education students extend through the school year in which they reach their 22nd birthday; amend KRS 159.990 to conform.

(Prefiled by the sponsor(s).)
To: Education

BR 84 - Representative Darryl T. Owens (08/08/14)

AN ACT proposing an amendment to Section 145 of the Constitution of Kentucky relating to persons entitled to vote.

Propose to amend Section 145 of the Constitution of Kentucky to restructure the voting restrictions contained therein relating to felons and persons with mental disabilities; submit to the voters for ratification or rejection.

(Prefiled by the sponsor(s).)
To: State Government

BR 85 - Senator Christian McDaniel (09/08/14)

AN ACT relating to the disclosure of public retirement information.

Amend KRS 61.661, 161.585, and 21.540 to require the disclosure, upon request, the retirement benefit information of current and former members of the General Assembly including their name, status, and projected or actual retirement benefit payments and benefits of the same from Kentucky Retirement Systems, Kentucky Teachers' Retirement System, Legislators' Retirement Plan, and the Judicial Retirement Plan.

(Prefiled by the sponsor(s).)

To: State Government

BR 90 - Senator Gerald A. Neal (07/16/14)

AN ACT proposing an amendment to Section 145 of the Constitution of Kentucky relating to persons entitled to vote.

Propose to amend Section 145 of the Constitution of Kentucky to allow persons convicted of a felony other than treason, intentional killing, a sex crime, or bribery the right to vote after expiration of probation, final discharge from parole, or maximum expiration of sentence; submit to the voters for ratification or rejection.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Judiciary

BR 91 - Representative Jim Wayne (10/23/14)

AN ACT relating to retirement.

Amend KRS 21.540 to require the Legislators' Retirement Plan and Judicial Retirement Plan to follow the provisions of KRS Chapters 45A, 56, and 57 regarding procurement of services, goods, and property; provide that no funds of the Legislators' Retirement Plan or Judicial Retirement Plan shall be used to pay placement agents; amend KRS 61.645 to modify the minimum requirements for gubernatorial appointees to the Kentucky Retirement Systems board of trustees with investment expertise; require the Kentucky Retirement Systems to follow the provisions of KRS Chapters 45, 45A, 56, and 57 regarding budgeting and the procurement of services, goods, and property; require the Kentucky Retirement Systems to disclose on its Web site and upon request investment fees in addition to investment holdings and commissions; require the Kentucky Retirement Systems to disclose on its Web site and upon request all contracts and offering documents for services, goods, or property purchased or utilized by the systems; provide that no funds of the Kentucky Retirement Systems shall be used to pay placement agents; amend KRS 161.250 to require Kentucky Teachers' Retirement System to disclose on its Web site and upon request investment fees in addition to investment holdings and commissions; require the Kentucky Teachers' Retirement System to disclose on its Web site and

upon request all contracts and offering documents for services, goods, or property purchased or utilized by the systems; amend KRS 161.340 to require the Kentucky Teachers' Retirement System to follow the provisions of KRS Chapters 45, 45A, 56, and 57 regarding budgeting and the procurement of services, goods, and property; amend KRS 161.430 to provide that Kentucky Teachers' Retirement System's board, staff, and investment advisors shall adhere to the CFA Institute's codes of conduct; provide that no funds of the Kentucky Teachers' Retirement System shall be used to pay placement agents; establish noncodified sections to require the Public Pension Oversight Board to study and provide a report by December 1, 2014, as to whether or not legislative action should be taken to separate the administration of the County Employees Retirement System from the Kentucky Retirement Systems; require the Public Pension Oversight Board to study and provide a report by December 1, 2014, as to whether or not legislative action should be taken to transfer administration of the Judicial Retirement Plan and the Legislators' Retirement Plan to the Kentucky Retirement Systems; provide that the amendments in this Act requiring the state-administered retirement systems to be subject to state procurement laws and banning the use of system assets to pay placement agents shall apply to contracts established or renewed on or after August 1, 2014; provide that amendments in this Act modifying the requirements for gubernatorial appointments to the Kentucky Retirement Systems' board with investment expertise shall apply to appointments or reappointments made on or after the effective date of this Act.

(Prefiled by the sponsor(s).)

To: State Government

BR 96 - Representative Thomas Kerr (08/25/14)

AN ACT relating to stalking.

Amend KRS 403.720 to include stalking in the definition of "domestic violence and abuse," thereby allowing protective orders to be issued.

(Prefiled by the sponsor(s).)

To: Judiciary

BR 97 - Representative Thomas Kerr (09/09/14)

AN ACT relating to public school standards.

Create a new section to KRS Chapter 158 to prohibit the Kentucky Board of Education and the Kentucky Department of Education from implementing the English language arts and mathematics academic content standards developed by the Common Core Standards Initiative and the science academic content standards developed by the Next Generation Science Standards Initiative; require the state board to recommend new content standards to school districts and schools after consultation with the Council on Postsecondary Education; require public involvement in standards development;

clarify the authority of the local board of education to adopt standards which differ from or exceed the standards approved by the state board; clarify that the school-based decision making councils shall develop policies based upon the standards adopted by the local boards of education; prohibit state officials from ceding control of education content standards and assessments; prohibit withholding of state funds from school districts for adopting different academic content standards; amend KRS 156.070 to limit disclosure of personally identifiable information; direct the Kentucky Board of Education to require that the Department of Education and all school districts adhere to transparency and privacy standards when outsourcing data and Web-based tasks to vendors; clarify vendor contract requirements; amend KRS 158.6453 to permit a local board of education to supplement the state board-approved academic content standards with higher and more rigorous standards and require school councils to use them to fulfill curriculum policy requirements; amend KRS 160.345 to clarify school council curriculum policy authority.

(Prefiled by the sponsor(s).)

To: Education

BR 102 - Senator Christian McDaniel (09/25/14)

AN ACT relating to public pension fund investments.

Amend KRS 21.540, 61.645, and 161.430 to require the Judicial Retirement Plan, the Legislators' Retirement Plan, the Kentucky Retirement Systems, and the Kentucky Teachers' Retirement System to establish by reference in administrative regulation a placement agent disclosure policy; require the policy to disclose, at a minimum, to the boards of trustees of the plans and systems the name of the placement agent, dollar value of investment, and the fees or payments made to placement agent for each investment in which a placement agent was utilized; define placement agent; require the plans and systems to submit a quarterly update of the information disclosed to the respective boards of trustees to the Government Contract Review Committee; provide that the disclosure shall apply to contracts established or renewed on or after July 1, 2015.

(Prefiled by the sponsor(s).)

To: State Government

BR 112 - Representative Addia Wuchner (10/24/14)

AN ACT relating to Zohydro.

Amend KRS 218A.050 to make Zohydro a Schedule I drug and provides for its unscheduling once it has been approved as tamper-resistant or tamper-deterrent by the federal Food and Drug Administration.

(Prefiled by the sponsor(s).)

To: Judiciary

BR 113 - Senator Tom Buford (10/23/14)

AN ACT proposing an amendment to Section 145 of the Constitution of Kentucky relating to persons entitled to vote.

Propose to amend Section 145 of the Constitution of Kentucky to restore the right to vote to persons convicted of a felony after service of their sentence, expiration of probation, or final discharge from parole, unless the offense was treason, intentional murder, rape, sodomy, sexual abuse of a child, bribery in an election, or another crime specified by the General Assembly; delete language in the 1891 Constitution referring to persons as “idiots and insane persons”; submit to the voters for ratification or rejection.

(Prefiled by the sponsor(s).)

To: State Government

BR 116 - Representative Fitz Steele (08/14/14)

AN ACT relating to coal severance revenues.

Amend various sections in KRS Chapter 42 to distribute 100% of coal severance revenues among the coal producing counties on the basis of the tax collected on coal severed or processed in each respective county; amend KRS 143.090 and 164.7891 to make conforming changes; repeal KRS 42.490.

(Prefiled by the sponsor(s).)

To: Appropriations and Revenue

BR 117 - Representative Fitz Steele (08/14/14)

AN ACT relating to dextromethorphan abuse.

Create new sections of KRS Chapter 218A to prohibit any person from possessing one gram or more of pure dextromethorphan or dextromethorphan that has been extracted from solid or liquid form; prohibit sale of products containing dextromethorphan as the only active ingredient to individuals younger than 18; require any person selling a product containing dextromethorphan to require that prospective buyers show a photo ID and sign a document stating the customer is older than 18 before purchase; create an affirmative defense for the retailer if a minor utilizes a fraudulent ID; prohibit individuals younger than 18 from misrepresenting their age and from utilizing a fraudulent ID to purchase or obtain dextromethorphan; establish penalties for violation.

(Prefiled by the sponsor(s).)

To: Judiciary

BR 118 - Representative Fitz Steele (08/14/14)

AN ACT relating to sales and use tax holidays and declaring an emergency.

Create a new section of KRS Chapter 139 to establish a three day sales and use tax holiday the first weekend in August each year to exempt clothing, school supplies, school art supplies, computers, and

school computer supplies; EMERGENCY.

(Prefiled by the sponsor(s).)

To: Appropriations and Revenue

BR 126 - Representative Sannie Overly (10/03/14)

A JOINT RESOLUTION designating portions of Kentucky Route 36 as the “Nicholas County Veterans Memorial Highway,” and “Bath County Veterans Memorial Highway.”

Direct the Transportation Cabinet to designate portions of Kentucky Route 36 in Nicholas County and Bath County as the “Nicholas County Veterans Memorial Highway” and the “Bath County Veterans Memorial Highway,” respectively, and to erect the appropriate signage.

(Prefiled by the sponsor(s).)

To: Transportation

BR 127 - Representative Susan Westrom (10/08/14)

AN ACT prohibiting smoking in public places and places of employment.

Create new sections of KRS Chapter 438 to define terms; prohibit indoor smoking in businesses, places of employment, and other listed public places; exempt private residences, unless used for child care or adult day care; permit smoking in designated nonenclosed areas; require posting of “no smoking” signs at specified locations; permit local governments to adopt stricter regulations by ordinance; provide for enforcement by all peace officers and designated health department and local government employees; provide for the issuance of uniform citations for violations; require that employers and others not discriminate against persons reporting violations; provide for fines for violation; provide that fines go to the agency whose employee issued the citation; provide that no court costs or other fees be charged for violations; exempt certain research and manufacturing laboratories and agricultural buildings; amend KRS 344.040, relating to unlawful practices by an employer, to add reference to state law, local ordinance, or local board of health regulation relating to smoking; amend KRS 431.450, relating to uniform citations, to provide for issuing citation forms to health departments; authorize the Department of Kentucky State Police to create and issue uniform smoking violation citations; repeal various statutes permitting smoking in public buildings; provide that Sections 1 to 6 may be referred to as the Smokefree Kentucky Act.

(Prefiled by the sponsor(s).)

To: Health and Welfare

BR 132 - Representative David Floyd (09/12/14)

AN ACT relating to the valuation of motor vehicles for property tax purposes.

Amend KRS 132.485 to clarify the standards

for appraising the value of motor vehicles that are 20 years old or older for property tax purposes, by providing that no vehicle of that age shall be presumed to have been maintained or restored to either the original factory condition or any otherwise classic condition, and also by establishing the standard value of those vehicles; provide that the Act shall apply to motor vehicles assessed on or after January 1, 2016.

(Prefiled by the sponsor(s).)

To: Transportation

BR 138 - Representative Jeff Hoover (08/20/14)

AN ACT proposing an amendment to Section 145 of the Constitution of Kentucky relating to persons entitled to vote.

Propose to amend Section 145 of the Constitution of Kentucky to restore the right to vote to persons convicted of a felony after service of their sentence, expiration of probation, or final discharge from parole, unless the offense was treason, intentional murder, rape, sodomy, sexual abuse of a child, bribery in an election or another crime specified by the General Assembly; delete language in the 1891 Constitution referring to persons as “idiots and insane persons”; submit to the voters for ratification or rejection.

(Prefiled by the sponsor(s).)

To: State Government

BR 151 - Representative Darryl T. Owens (09/24/14)

AN ACT relating to criminal records.

Amend KRS 431.076 to expand the scope of an expungement motion under that statute to include felonies referred to a grand jury where no indictment ensues; amend KRS 431.078 to expand that statute’s expungement process to include Class D felonies; amend KRS 527.040 to expressly provide that an expunged felony does not trigger the application of that statute.

(Prefiled by the sponsor(s).)

To: Judiciary

BR 153 - Senator Tom Buford (10/14/14)

AN ACT relating to sexually based offenses.

Amend KRS 413.249 to expand the statute of limitations for civil actions brought for a recovery of damages for illness or injury as a result of childhood sexual abuse or sexual assault from five to ten years, provide that civil actions for illness or injury suffered as a result of childhood sexual abuse or assault that were previously barred by the statute of limitations are revived and may be brought within ten years of July 1, 2015, enumerate that claims that were previously adjudged to be time-barred by a court may not be revived under this subsection.

(Prefiled by the sponsor(s).)

To: Judiciary

BR 164 - Representative Addia Wuchner (10/24/14)

AN ACT relating to controlled substances and declaring an emergency.

Amend KRS 15.334 to require that the Department of Criminal Justice Training provide mandatory regionalized in-service training on the topic of heroin; amend KRS 72.026 to increase the scope of mandatory coroner reporting in deaths involving Schedule I controlled substances; create a new section of KRS Chapter 205 to enumerate the controlled substance treatment services to be offered by the Department for Medicaid Services; amend KRS 217.186 to provide that peace officers, firefighters, paramedics, emergency medical technicians, and school employees authorized under KRS 156.502 to administer medication may receive, possess, and administer naloxone to a person suffering from an apparent opiate-related overdose; establish requirements relating to the use of maloxone on school premises; create a new section of KRS Chapter 218A to require that all substance abuse treatment or recovery providers that receive state funding must give pregnant women priority in accessing and cannot refuse service if certain conditions are met; create a new section of KRS Chapter 218A to provide that a person shall have a defense for the possession of a controlled substance if the person in good faith seeks medical assistance from a public safety answering point, emergency medical services, law enforcement office or health practitioner and meets certain additional criteria; amend KRS 218A.1412 to provide minimum service time requirements for persons convicted of trafficking in the first degree of heroin; require that if as a result of a defendant's violation of the crime of trafficking in the first degree of heroin, a person dies as a result of the use of heroin trafficked by the defendant, this is a Class A felony; establish service fees for persons convicted of trafficking 2 grams or more of heroin and above; provide that any service fees collected pursuant to this section be remitted to KY-ASAP to be used as supplemental funding for substance abuse treatment programs operating in county jails that are located within the region in which the offense was committed; allow upon a motion by the Commonwealth, a court to consider lowering the minimum service time requirement for a person who is convicted of trafficking in the first degree who provides substantial assistance to the Commonwealth for the prosecution of another; amend KRS 439.340 to require substance abuse treatment or education courses as a condition of release for persons convicted under KRS Chapter 218 for a violation of trafficking in heroin; amend KRS 625.050 to forbid the termination of parental rights of a woman solely because of her use of a controlled substance if certain conditions are met; encourage the Department of Corrections to offer video, audio, oral, and written materials to persons housed at correctional facilities

within the state that concentrate on educating inmates on Kentucky's drug trafficking laws, associated penalties, and treatment options; title the "Herion Impact Act"; APPROPRIATION; EMERGENCY.

(Prefiled by the sponsor(s).)

To: Judiciary

BR 168 - Representative Joni L. Jenkins (09/08/14)

AN ACT relating to controlled substances.

Amend KRS 218A.050 to add the substance acetylfentanyl to the list of Schedule I controlled substances.

(Prefiled by the sponsor(s).)

To: Judiciary

BR 175 - Representative Larry Clark (09/11/14)

AN ACT relating to districts of innovation.

Amend KRS 160.107 to allow a waiver or modification of the statewide assessment system for schools participating in a district of innovation plan, under specific conditions; allow a district of innovation to use student assessments other than those required by the state board, under specific conditions.

(Prefiled by the sponsor(s).)

To: Education

BR 177 - Representative Ron Crimm (11/07/14)

AN ACT relating to animals.

Amend KRS 525.125, 525.130, and 525.135 to forfeit ownership of animals involved in cruelty and torture cases and prohibit ownership or possession of animals of the same species for two years.

(Prefiled by the sponsor(s).)

BR 178 - Representative Ron Crimm (09/11/14)

AN ACT relating to the promotion of organ and tissue donation.

Create a new section of KRS Chapter 141 to establish the employers' organ and bone marrow donation tax credit; amend KRS 141.0205 to provide the ordering of the credit; declare short title to be the Living Organ and Bone Marrow Donor Assistance Act.

(Prefiled by the sponsor(s).)

To: Appropriations and Revenue

BR 180 - Representative Ron Crimm (09/11/14)

AN ACT relating to sales and use taxation.

Amend KRS 139.570, relating to sales and use tax, to increase the maximum amount of vendor compensation to \$250 in any reporting period; EFFECTIVE July 1, 2015.

(Prefiled by the sponsor(s).)

To: Appropriations and Revenue

BR 190 - Representative David Floyd (11/06/14)

AN ACT relating to Kentucky Revised Statutes Chapter 507A.

Create a short title, "The Sherry Ballard Fetal Homicide Act," for KRS 507A.010 to 507A.060.

(Prefiled by the sponsor(s).)

BR 194 - Representative Ron Crimm (10/01/14)

AN ACT relating to the involuntary termination of parental rights.

Amend KRS 625.090 to expand the requisite grounds for the termination of parental rights to include the attempted or actual infliction of death or serious physical injury to any child, or to the parent, stepparent, de facto custodian, or guardian of the child who is the subject of the termination action; provide that the the Act may be cited as "Zoe's Law."

(Prefiled by the sponsor(s).)

To: Judiciary

BR 195 - Representative Tom Burch (09/26/14)

AN ACT relating to treatment of substance abuse.

Create a new section of KRS Chapter 205 to require the Department for Medicaid Services to provide a substance abuse benefit and to require an annual report to the LRC concerning the status of substance abuse treatment in Kentucky; expand availability of drug naloxone by allowing a person or agency, including a peace officer or a first responder, to receive a naloxone prescription; create new sections of KRS Chapter 218A to provide immunity for persons seeking emergency help in drug overdose situations; prohibit substance abuse treatment programs from discriminating against pregnant women; amend KRS 218A.500 to permit a local health department to operate a hypodermic exchange; permit a peace officer to ask if an individual has a sharp object before a search and if the individual complies allow that object to not be charged as drug paraphernalia; amend KRS 202A.081 to expand community-based outpatient treatment for certain defendants; amend KRS 100.982 to mirror federal law; include noncodified language encouraging the Cabinet for Health and Family Services to study certain opioid treatment initiatives, establish an evidence-based treatment task force relating to the disease of addiction, develop county and regional wraparound teams for opioid addiction, collaborate with medical schools and post-graduate training programs to include ten hours of coursework on addiction for all medical professionals, increase continuing education units for medical and health professionals relating to the disease of addiction, and make legislative recommendations to the Interim Joint Committee on Health and welfare; require the Department of Criminal Justice Training to offer voluntary regionalized in-service training on the

topic of heroin for law enforcement officers.
(Prefiled by the sponsor(s).)
To: Health and Welfare

BR 198 - Senator Christian McDaniel (09/25/14)

AN ACT relating to the Legislators' Retirement Plan.

Amend KRS 6.525 to allow members contributing to the Legislators' Retirement Plan prior to January 1, 2014, to make a one-time election to have their benefits from the Legislators' Retirement Plan based solely on their legislative salary and any salary, earned in another state-administered retirement system prior to January 1, 2014.

(Prefiled by the sponsor(s).)
To: State Government

BR 203 - Representative Jim Wayne (10/23/14)

AN ACT relating to tax credits for airport noise mitigation.

Create a new section of KRS Chapter 141 and amend KRS 141.0205 to create a refundable income tax credit for the costs of mitigating noise from a commercial airport; make tax credit applicable to tax years beginning on or after January 1, 2015.

(Prefiled by the sponsor(s).)
To: Appropriations and Revenue

BR 212 - Representative Brent Yonts (10/15/14)

AN ACT relating to the Public Pension Oversight Board.

Amend KRS 7A.200, 7A.210, 7A.220, 7A.240, and 7A.250 to add the Legislators' Retirement Plan, the Judicial Retirement Plan, and the Kentucky Teachers' Retirement System to the Public Pension Oversight Board's review responsibilities; provide that members of the Public Pension Oversight Board appointed by the Speaker of the House of Representatives, the President of the Senate, and the Governor with expertise in pensions or investments shall serve a term of four years; remove the prohibition on members and retired members from serving in these appointed positions; modify the annual report due date for the Public Pension Oversight Board from December 1 to December 31 of each year.

(Prefiled by the sponsor(s).)
To: State Government

BR 216 - Representative Bart Rowland (10/09/14)

AN ACT relating to rescue squad benefits.

Amend KRS 61.315 to expand the definition of "firefighter" to include members of rescue squads formed pursuant to KRS 39F.020; amend KRS 164.2841 and 164.2842 to extend free tuition benefits to survivors of members of rescue squads formed pursuant to KRS 39F.020 who were killed or totally disabled in the line of duty.

(Prefiled by the sponsor(s).)
To: Local Government

BR 229 - Senator Mike Wilson (11/17/14)

AN ACT relating to the placement of illegal gambling devices in business establishments and declaring an emergency.

Amend KRS 528.010 to include in the definition of "gambling device" an electronic device used to facilitate Internet gambling and to define "simulated gambling program"; EMERGENCY.

(Prefiled by the sponsor(s).)

BR 232 - Representative Kenny Imes (10/14/14)

AN ACT proposing to amend Section 95 of the Constitution of Kentucky relating to the election of state officers.

Propose to amend Section 95 of the Constitution of Kentucky to hold the elections of statewide constitutional officers in even-numbered years, every four years, beginning in 2022; provide transitional schedule; submit to the voters for ratification or rejection.

(Prefiled by the sponsor(s).)
To: State Government

BR 236 - Representative Wilson Stone (10/10/14)

AN ACT relating to TVA in-lieu-of-tax payments and making an appropriation therefor.

Amend KRS 96.895 to provide that, beginning in fiscal year 2016-2017, a portion of the Tennessee Valley Authority (TVA) in-lieu-of-tax payment made to the Commonwealth and deposited into the general fund shall be transferred to the regional development agency assistance fund to be distributed among fiscal court-designated local industrial development authorities for economic development and job creation activities; provide that the transfers will not affect the portion of the total TVA payment that is currently distributed among local government entities; provide that these transfers will be phased-in over a five-year period, with an amount equal to 50 percent of the general fund portion of the total TVA annual payment being transferred in fiscal year 2020-2021, and each fiscal year thereafter, not to exceed \$6,000,000 each year; APPROPRIATION.

(Prefiled by the sponsor(s).)
To: Appropriations and Revenue

BR 239 - Representative David Floyd, Representative Fitz Steele (11/06/14)

AN ACT relating to certification of law enforcement personnel and declaring an emergency.

Amend KRS 15.382, 15.3971, 15.540, and 95.951 to allow the high school graduation requirement for law enforcement personnel to be met through graduation from a non-accredited school,

a GED exam, or the external diploma program; EMERGENCY.

(Prefiled by the sponsor(s).)

BR 240 - Representative Mike Denham (11/17/14)

A RESOLUTION adjourning the House of Representatives in honor and loving memory of Vicki Ginn Newberg.

Adjourn in honor and loving memory of Vicki Ginn Newberg.

(Prefiled by the sponsor(s).)

BR 253 - Representative Jeffery Donohue (11/12/14)

AN ACT relating to public procurement.

Create a new section of KRS Chapter 45A making findings of the General Assembly and establishing policy of the Commonwealth of Kentucky to promote the Kentucky and United States economies by requiring a preference for iron, steel, and manufactured goods produced in Kentucky and the United States; create a new section of KRS Chapter 45A to define "manufactured in Kentucky," "manufactured in the United States," "Kentucky," and "United States," require preference for iron, steel, and manufactured goods made in Kentucky in construction and maintenance contracts and subcontracts; provide for a waiver of the Kentucky preference requirement; require a preference for iron, steel, and manufactured goods made in the United States if the Kentucky waiver is granted, and provide for a waiver of the United States preference requirement; create a new section of KRS Chapter 45A establishing a short title of "Kentucky Buy American Act"; amend KRS 45A.343, 45A.352, 65.027, 162.070, 164A.575, 176.080, and 424.260 to require compliance with the "Kentucky Buy American Act."

(Prefiled by the sponsor(s).)

BR 256 - Senator Albert Robinson (11/12/14)

AN ACT proposing an amendment to Section 33 of the Constitution of Kentucky relating to redistricting.

Propose to amend Section 33 of the Constitution of Kentucky to clarify standards relating to redistricting and to require the General Assembly to remain in continuous session, without pay to the members, for the sole purpose of redistricting if the General Assembly fails to redistrict the state by April 15 of the first even-numbered year session following receipt of the decennial census data; submit to the voters for ratification or rejection; include ballot language.

(Prefiled by the sponsor(s).)

BR 269 - Representative John Carney (10/30/14)

AN ACT relating to career readiness.

Create a new section of KRS Chapter 158 to require the Kentucky Board of Education to identify a student who obtains a sufficient score on the Armed Services Vocational Aptitude Battery and signs enlistment papers for any branch of service as career-ready.

(Prefiled by the sponsor(s).)

To: Education

BR 270 - Representative Dennis Keene (11/18/14)

AN ACT relating to driving under the influence.

Amend various sections in KRS Chapter 189A relating to DUI to replace the current hardship license system with an ignition interlock licensing system.

(Prefiled by the sponsor(s).)

BR 333 - Representative Dennis Keene (11/18/14)

AN ACT relating to substance abuse and declaring an emergency.

Amend KRS 72.026 to increase the scope of mandatory coroner reporting in deaths involving Schedule I controlled substances; create a new section of KRS Chapter 205 to specify the controlled substance treatment services to be offered by the Department for Medicaid Services; amend KRS 217.186 to increase the availability of Naloxone for use in situations involving individuals suffering from an apparent opiate-related overdose; create a new section of KRS Chapter 218A to provide safe harbor provisions for drug-addicted pregnant women who are in compliance with substance abuse treatment and prenatal care instructions; amend KRS 218A.040 to provide that subject to the rules of evidence a court is permitted to infer that death resulting from an overdose of a Schedule I controlled substance is a foreseeable result of the consumption or use of that substance; amend KRS 218A.050 to classify any extended release single-agent formulation of hydrocodone bitartrate as a Schedule I controlled substance until the drug is available in an FDA-approved tamper-resistant formulation; amend KRS 218A.1412 to establish a 50% time-served requirement for persons convicted of trafficking in heroin or methamphetamine in the first degree and allow this requirement to be waived in cases where the defendant provides assistance to the prosecution of another; amend KRS 218A.1413 to increase the penalties for a person who is found guilty of trafficking in a controlled substance in the second degree; amend KRS 218A.1414 to increase the penalty for any person who is found guilty of trafficking in a controlled substance in the third degree; amend KRS 218A.500 to allow for the establishment of optional local hypodermic needle exchange programs and provide that in situations where the defendant notifies a peace officer prior to a search that he or she has a hypodermic needle on their

person or in their possession, certain immunities are allowed as to related charges; amend KRS 439.3401 to require a minimum 50% time-served requirement for persons convicted of homicide and fetal homicide in situations where the decedent died due to a Schedule I drug overdose; amend KRS 501.060 to provide that for an offense in violation of KRS Chapter 507 or 507A for a death which resulted from an overdose of a Schedule I controlled substance, a court is permitted to infer that death resulting from an overdose of a Schedule I controlled substance is a foreseeable result of the consumption or use of that substance, subject to the applicable rules of evidence; amend KRS 625.050 to prohibit petitions to terminate the parental rights of a pregnant woman who used controlled substances while pregnant if she complies with substance abuse treatment and prenatal care instructions; amend KRS 222.005 to provide a definition of “incapacitated by alcohol and other drug abuse”; amend KRS 222.431 to include a person who is incapacitated by drug abuse as persons who may be required to undergo treatment; amend KRS 222.433 to enumerate the type of evidence that a court must review before determining if there is probable cause to go forth with a petition to order treatment for a person alleged to be incapacitated by drug abuse; encourage the Cabinet for Health and Family Services to study various aspects of medical care related to increasing medication-assisted treatment for opioid-addicted postpartum women; encourage the Cabinet to study evidence-based medical management standards related to treatment for addiction in Kentucky and overdose prevention; encourage the Cabinet to develop county and regional response teams for heroin and opioid addiction; encourage the Cabinet to work with medical school and post-graduate training programs in Kentucky to provide a curriculum on the disease of addiction; encourage the Cabinet to collaborate with licensing boards in applicable fields within Kentucky to include continuing education units on the topic of the disease of addiction; encourage the Cabinet to make any recommendation for legislation relating to substance abuse to the Interim Joint Committee on Health and Welfare by November 30, 2015; encourage the Department of Criminal Justice Training to offer voluntary regionalized in-service training on the topic of heroin; EMERGENCY.

(Prefiled by the sponsor(s).)

BRs by Sponsor

* - denotes primary sponsorship of BRs

Senate

Buford, Tom
BR113*, 153*
Higdon, Jimmy
BR80*
McDaniel, Christian
BR85*, 102*, 198*

Neal, Gerald A.
BR19*
BR20*
BR21*, 22*, 90*
Robinson, Albert
BR256*
Schickel, John
BR56*, 57*, 78*
Thomas, Reginald
BR35*, 36*, 37*, 82*
Wilson, Mike
BR229*

House

Adkins, Rocky
BR79*
Burch, Tom
BR195*
Carney, John
BR269*
Clark, Larry
BR175*
Collins, Hubert
BR70*, 71*
Crimm, Ron
BR177*, 178*, 180*, 194*
Denham, Mike
BR240*
Donohue, Jeffery
BR253*
Flood, Kelly
BR7*
Floyd, David
BR132*, 190*, 239*
Hoover, Jeff
BR138*
Imes, Kenny
BR232*
Jenkins, Joni L.
BR168*
Keene, Dennis
BR270*, 333*
Kerr, Thomas
BR40*, 69*, 96*, 97*
King, Kim
BR64*, 65*, 66*, 67*, 68*
Lee, Stan
BR34*
Meeks, Reginald
BR4*, 55*
Nelson, Rick G.
BR38*, 39*
Overly, Sannie
BR126*
Owens, Darryl T.
BR84*, 151*
Rowland, Bart
BR216*
St. Onge, Diane

BR11*, 14*, 30*, 31*
Steele, Fitz
BR116*, 117*, 118*, 239
Stone, Wilson
BR236*
Wayne, Jim
BR91*, 203*
Westrom, Susan
BR127*
Wuchner, Addia
BR112*, 164*
Yonts, Brent
BR58*, 212*

Index Headings

Administrative Regulations and Proceedings
Aeronautics and Aviation
Alcoholic Beverages
Alcoholism
Animals, Livestock, and Poultry
Appropriations
Arbitration
Athletics
Attorney General
Attorney, Commonwealth’s
Attorney, County
Auditor of Public Accounts
Banks and Financial Institutions
Budget and Financial Administration
Children and Minors
Circuit Clerks
Cities
Civil Actions
Civil Procedure
Civil Rights
Coal
Commendations and Recognitions
Committees
Constitution, Ky.
Constitution, U.S.
Consumer Affairs
Contracts
Coroners
Corporations
Corrections and Correctional Facilities, State
Counties
Counties, Urban
County Clerks
Courts
Courts, Circuit
Courts, District
Courts, Family
Crime Victims
Crimes and Punishments
Criminal Procedure
Deaths
Disabilities and the Disabled
Disasters
Domestic Relations

Drugs and Medicines
Economic Development
Education, Elementary and Secondary
Education, Finance
Education, Higher
Effective Dates, Delayed
Effective Dates, Emergency
Elections and Voting
Emergency Medical Services
Federal Laws and Regulations
Fees
Firearms and Weapons
Fish and Wildlife
Gambling
General Assembly
Governor
Health and Medical Services
Highways, Streets, and Bridges
Jails and Jailers
Labor and Industry
Legislative Research Commission
Licensing
Lieutenant Governor
Loans and Credit
Local Government
Medicaid
Memorials
Mental Disability
Mental Health
Military Affairs and Civil Defense
Motor Carriers
Motor Vehicles
Noise Control
Notices
Occupational Safety and Health
Parental Rights
Parks and Shrines
Peace Officers and Law Enforcement
Pharmacists
Physicians and Practitioners
Police, City and County
Police, State
Popular Names and Short Titles
Probation and Parole
Property
Property Valuation Administrators
Public Buildings and Grounds
Public Health
Public Officers and Employees
Public Records and Reports
Public Safety
Public Works
Purchasing
Redistricting
Religion
Reproductive Issues
Retirement and Pensions
Safety
Secretary of State
Sheriffs
Small Business

Special Districts
State Agencies
Statutes
Studies Directed
Substance Abuse
Taxation
Taxation, Income--Corporate
Taxation, Income--Individual
Taxation, Inheritance and Estate
Taxation, Property
Taxation, Sales and Use
Taxation, Severance
Teachers
Tobacco
Trade Practices and Retailing
Traffic Safety
Transportation
Treasurer
Unified Local Governments
United States
Universities and Colleges
Veterans’ Affairs
Waterways and Dams
Wills and Estates
Witnesses
Women

BR Index

Administrative Regulations and Proceedings	
Foreign law, application of, protection of rights -	BR66
Aeronautics and Aviation	
Aviation and aerospace industry, commending and requesting evaluation and report on -	BR79
Drone surveillance or use of armed drones by certain entities, prohibition -	BR11
Lasers, prohibit the discharging of at aircraft -	BR55
Noise abatement costs, tax credit for -	BR203
Alcoholic Beverages	
DUI,	
prosecutorial training on amendment of charges -	BR38
requirement of prosecutorial background checks -	BR39
Ignition interlocks, usage of -	BR270
Alcoholism	
DUI,	
prosecutorial training on amendment of charges -	BR38
requirement of prosecutorial background checks -	BR39
Ignition interlocks, usage of -	BR270

Animals, Livestock, and Poultry
Cruelty to animals, forfeiture and ownership provisions - BR177
Appropriations
Constitutional amendment, General Assembly, compensation suspended - BR68 KY-ASAP, court-imposed service fees for drug traffickers, receipt of - BR164 Mandates on public schools, financial support for - BR57 Roll call vote, requirement for - BR65 TVA in-lieu-of-tax payments, direction to economic development activities - BR236
Arbitration
Foreign law, application of, protection of rights - BR66
Athletics
Interscholastic extracurricular activities, participation in - BR34
Attorney General
DUI, prosecutorial training on amendment of charges - BR38
Attorney, Commonwealth's
DUI, prosecutorial training on amendment of charges - BR38 requirement of prosecutorial background checks - BR39 Expungement and criminal records, eligibility, process, standards, and protections - BR151
Attorney, County
DUI, prosecutorial training on amendment of charges - BR38 requirement of prosecutorial background checks - BR39 Expungement and criminal records, eligibility, process, standards, and protections - BR151
Auditor of Public Accounts
Time of election, move to even-numbered year - BR232
Banks and Financial Institutions
Deferred deposit transactions, annual percentage rate and service fees - BR37

Budget and Financial Administration
Constitutional amendment, General Assembly, compensation suspended - BR68 Roll call vote, requirement for - BR65
Children and Minors
Abused or neglected, custody of, notice to schools - BR67 Dextromethorphan, possession and retail sale, prohibition - BR117 Grandparents, visitation rights as to grandchildren - BR40 Imminent harm, removal from vehicle, civil immunity - BR80 Parental rights, termination of - BR194 Sex offenders, prohibition of presence on publically owned playground - BR64
Circuit Clerks
Expungement and criminal records, eligibility, process, standards, and protections - BR151
Cities
Indoor smoking, prohibition in enclosed public places and places of employment - BR127 Sex offenders, prohibition of presence on publically owned playground - BR64
Civil Actions
Expansion of statute of limitations, for victims of childhood sexual abuse or assault - BR153 Foreign law, application of, protection of rights - BR66 Grandparents, visitation rights as to grandchildren - BR40 Immunity, vehicle damage, removal minor in danger - BR80 Offender employment and licensure, requirements applying to - BR22 Parental rights, termination of - BR194
Civil Procedure
Abused or neglected child, custody of, notice to schools - BR67 Controlled substances, restrictions on termination of parental rights relating to - BR164 Expansion of statute of limitations, for victims of childhood sexual abuse or assault - BR153 Foreign law, application of, protection of rights - BR66 Grandparents, visitation rights as to grandchildren - BR40 Justifications, use of force - BR36 Offender employment and licensure, requirements

applying to - BR22 Parental rights, termination of - BR194
Civil Rights
Foreign law, application of, protection of rights - BR66 Indoor smoking, prohibition in enclosed public places and places of employment - BR127 Offender employment and licensure, requirements applying to - BR22
Coal
Severance revenues, distribution - BR116
Commendations and Recognitions
Aviation and aerospace industry, recognizing exports - BR79
Committees
Oaths, taking of - BR35
Constitution, Ky.
Drone surveillance or use of armed drones by certain entities, prohibition - BR11 Election of statewide constitutional offices, change to even-numbered year - BR232 Expungement and criminal records, eligibility, process, standards, and protections - BR151 Firearms, federal laws and rules, invalidate - BR14 General Assembly, compensation for services, suspension of - BR68 Redistricting, standards for - BR256 Voting rights for felons, constitutional amendment to provide - BR21, 90 rights, prohibitions relating to - BR84 rights, restructure limitations on - BR113; BR138
Constitution, U.S.
Firearms, federal laws and rules, invalidate - BR14
Consumer Affairs
Deferred deposit transactions, annual, percentage rate and service fees - BR37
Contracts
Foreign law, application of, protection of rights - BR66
Coroners
Controlled substances, penalties and protocols relating to - BR164, 333

Corporations
Public benefit corporations, establish - BR7
Corrections and Correctional Facilities, State
Death penalty costs, creation of task force - BR20
Indoor smoking, prohibition in enclosed public places and places of employment - BR127
Counties
Coal severance revenues, distribution - BR116
Indoor smoking, prohibition in enclosed public places and places of employment - BR127
Redistricting, standards for, county division - BR256
Sex offenders, prohibition of presence on publically owned playground - BR64
TVA in-lieu-of-tax payments, direction to economic development activities - BR236
Counties, Urban
Indoor smoking, prohibition in enclosed public places and places of employment - BR127
County Clerks
Election of statewide constitutional offices, change to even-numbered year - BR232
Courts
Death
penalty costs, creation of task force - BR20
penalty, replace with life imprisonment without parole - BR19
Expansion of statute of limitations, for victims of childhood sexual abuse or assault - BR153
Expungement and criminal records, eligibility, process, standards, and protections - BR151
Grandparents, visitation rights as to grandchildren - BR40
Justifications, use of force - BR36
Protective orders, stalking - BR96
Courts, Circuit
Expungement and criminal records, eligibility, process, standards, and protections - BR151
Grandparents, visitation rights as to grandchildren - BR40
Parental rights, termination of - BR194
Courts, District
Expungement and criminal records, eligibility, process, standards, and protections - BR151
Courts, Family

Parental rights, termination of - BR194

Crime Victims
Expungement and criminal records, eligibility, process, standards, and protections - BR151
Parental rights, termination of - BR194
Sex offenders, prohibition of presence on publically owned playground - BR64
Crimes and Punishments
Aircraft, prohibit the discharging of lasers at - BR55
Asset forfeiture, methamphetamine-contaminated vehicles, disposal of - BR70
Controlled
Substances, Acetylfentanyl, addition to Schedule I - BR168
substances, penalties and protocols relating to - BR164, 333
substances, treatment, penalties and protocols relating to - BR195
Cruelty to animals, forfeiture and ownership provisions - BR177
Death
penalty costs, creation of task force - BR20
penalty, replace with life imprisonment without parole - BR19
DNA, sample collection at arraignment, requirement for - BR4
Domestic violence and abuse, stalking, definition of - BR96
DUI requirement of prosecutorial background checks - BR39
Expungement and criminal records, eligibility, process, standards, and protections - BR151
Felons’ voting rights, constitutional amendment to provide - BR21, 90
Firearms,
federal prohibitions, invalidate - BR14
unlawful possession of, illegal aliens - BR14
Gambling, devices and penalties - BR229
Heroin trafficking, penalties and release authority relating to - BR56
Ignition interlocks, usage of - BR270
Indoor smoking, prohibiting, exceptions, penalties - BR127
Justifications, use of force - BR36
Sex offenders, prohibition of presence on publically owned playground - BR64
Sherry Ballard Fetal Homicide Act, short title - BR190
Voting
rights, prohibitions relating to - BR84
rights, restructure limitations on - BR113; BR138
Zohydro, classify as Schedule I - BR112
Criminal Procedure
Controlled

substances, penalties and protocols relating to - BR164, 333

substances, treatment, penalties and protocols relating to - BR195

Cruelty to animals, forfeiture and ownership provisions - BR177

Death

penalty costs, creation of task force - BR20

penalty, replace with life imprisonment without parole - BR19

DNA, sample collection at arraignment, requirement for - BR4

DUI requirement of prosecutorial background checks - BR39

Expungement and criminal records, eligibility, process, standards, and protections - BR151

Firearms,

federal prohibitions, invalidate - BR14

unlawful possession of, illegal aliens - BR14

Heroin trafficking, penalties and release authority relating to - BR56

Ignition interlocks, usage of - BR270

Justifications, use of force - BR36

Offender employment and licensure, requirements applying to - BR22

Sex offenders, prohibition of presence on publically owned playground - BR64

Warrantless drone surveillance by certain entities, use at trial, prohibition - BR11

Deaths
Death penalty, replace with life imprisonment without parole - BR19
Inheritance tax, redefine class A beneficiaries to include daughters-in-law and sons-in-law - BR69
Disabilities and the Disabled
Special education, eligibility through end of school year in which student has 22nd birthday - BR82
Disasters
Rescue squad members, death or disability, survivor benefits - BR216
Domestic Relations
Foreign law, application of, protection of rights - BR66
Grandparents, visitation rights as to grandchildren - BR40
Parental rights, termination of - BR194
Protective orders, stalking - BR96
Drugs and Medicines
Asset forfeiture, methamphetamine-contaminated vehicles, disposal of - BR70

Controlled
Substances, Acetylfentanyl, addition to Schedule I -
BR168
substances, penalties and protocols relating to -
BR164, 333
Dextromethorphan, possession and retail sale,
prohibition - BR117
Heroin trafficking, penalties and release authority
relating to - BR56
Substance abuse, treatment of - BR195
Zohydro, classify as Schedule I - BR112

Economic Development

Aviation and aerospace industry, economic impact -
BR79
TVA in-lieu-of-tax payments, direction to economic
development activities - BR236

Education, Elementary and Secondary

Abused or neglected child, custody of, notice to
schools - BR67
Academic content standards, local supplementation
of - BR97
Articulated credit courses, require acceptance of -
BR58
Career-ready, identify students as - BR269
Common Core and Next Generation Science
Standards, prohibit use of - BR97
Data vendor transparency and privacy standards,
contract requirements for - BR97
District
of innovation, student assessments, use of - BR175
of innovation, student assessments, waive or modify
- BR175
Interscholastic extracurricular activities, participation
in - BR34
Law enforcement, graduation requirement, non-
accredited high schools - BR239
Mandates on public schools, financial support for -
BR57
Smoking in school buildings, statewide prohibition -
BR127
Special education, eligibility through end of school
year in which student has 22nd birthday - BR82

Education, Finance

Mandates on public schools, financial support for -
BR57

Education, Higher

Articulated credit courses, require acceptance of -
BR58
Contracts, Kentucky Buy American Act, compliance
with - BR253
Dual credit courses, implement policy for - BR58
Rescue squad members, death or disability, survivor
benefits - BR216

Effective Dates, Delayed

Sales and use tax vendor compensation, increase,
July 1, 2015 - BR180

Effective Dates, Emergency

BR 333 Controlled substances - BR333
Civil immunity, vehicle damage, minor in danger -
BR80
Controlled substances, penalties and protocols
relating to - BR164
Gambling, devices and penalties - BR229
Law enforcement, graduation requirement, non-
accredited high schools - BR239
Sales tax holiday - BR118

Elections and Voting

Constitutional
amendment, change election year of statewide
constitutional offices - BR232
amendment, General Assembly, compensation
suspended - BR68
Felons’ voting rights, constitutional amendment to
provide - BR21, 90
Redistricting, standards for, proposed constitutional
amendment - BR256
Voting
rights, prohibitions relating to - BR84
rights, restructure limitations on - BR113; BR138

Emergency Medical Services

Controlled
substances, protocols relating to - BR164
substances, penalties and protocols relating to -
BR333
Substance abuse, treatment of - BR195

Federal Laws and Regulations

Firearms, federal laws and rules, invalidate - BR14

Fees

DNA, sample collection at arraignment, requirement
for - BR4

Firearms and Weapons

Drone surveillance or use of armed drones by certain
entities, prohibition - BR11
Federal laws and rules, invalidate - BR14
Unlawful possession of, illegal aliens - BR14

Fish and Wildlife

Sport fishing license requirement, landowner
exemption for private waters - BR78

Gambling

Devices and penalties - BR229

General Assembly

Constitutional amendment, compensation suspended
- BR68
Legislators’
Retirement Plan, ban placement agents and require
adherence to state contract laws - BR91
Retirement Plan, study transferring administration to
Kentucky Retirement Systems - BR91
Mandates on public schools, financial support for -
BR57
Public
pension funds, disclosure of placement agents -
BR102
Pension Oversight Board, oversight of additional
wswtate-administered retirement systems - BR212
Redistricting, standards for, proposed constitutional
amendment - BR256
Retirement,
require state retirement systems to disclose
legislators’ retirement account information - BR85
restrict account consolidation - BR198
Roll call vote for appropriation or revenue measure,
requirement for - BR65

Governor

Time of election, move to even-numbered year -
BR232

Health and Medical Services

Controlled substances, penalties and protocols
relating to - BR164, 333
Health departments, enforcement of antismoking
laws and ordinances - BR127
Living organ donation, promotion of - BR178
Substance abuse, treatment of - BR195

Highways, Streets, and Bridges

Contracts, Kentucky Buy American Act, compliance
with - BR253
DUI, requirement of prosecutorial background
checks - BR39
Veterans Memorial Highway, designate in Nicholas
County and Bath County - BR126

Jails and Jailers

DNA, sample collection at arraignment, requirement
for - BR4

Labor and Industry

Offender employment and licensure, requirements applying to - BR22
Place of employment, statewide indoor smoking prohibition, exceptions - BR127
TVA in-lieu-of-tax payments, direction to economic development activities - BR236

Legislative Research Commission

Death penalty costs, creation of task force - BR20
Designation of appropriation or revenue measure, requirement for - BR65
Public Pension Oversight Board, oversight of additional state-administered retirement systems - BR212

Licensing

Offender employment and licensure, requirements applying to - BR22
Sport fishing license requirement, landowner exemption for private waters - BR78

Lieutenant Governor

Time of election, move to even-numbered year - BR232

Loans and Credit

Deferred deposit transactions, maximum annual percentage rate - BR37

Local Government

Contracts, Kentucky Buy American Act, compliance with - BR253
Rescue squad members, death or disability, survivor benefits - BR216
Sex offenders, prohibition of presence on publically owned playground - BR64
TVA in-lieu-of-tax payments, direction to economic development activities - BR236

Medicaid

Controlled substances, expansion of treatment options for drug and alcohol addiction - BR333
substances, expansion of treatment options relating to - BR164

Memorials

Newberg, Vicki Ginn, memorializing - BR240

Mental Disability

Voting rights, prohibitions relating to - BR84

Mental Health

Voting rights, prohibitions relating to - BR84

Military Affairs and Civil Defense

Armed Services Vocational Aptitude Battery, minimum required score - BR269
Drone surveillance by certain entities, exempt military training from - BR11

Motor Carriers

Buses, taxicabs, statewide smoking prohibition, exceptions - BR127

Motor Vehicles

Asset forfeiture, methamphetamine-contaminated vehicles, disposal of - BR70
DUI, requirement of prosecutorial background checks - BR39
Ignition interlocks, usage of - BR270
Property tax appraisal standards for older motor vehicles, amend and define standard value - BR71, 132
Valuation standards for used motor vehicle, clarification - BR30

Noise Control

Noise abatement costs near airport, tax credit for - BR203

Notices

No smoking signs, where required - BR127

Occupational Safety and Health

Place of employment, indoor smoking, prohibition, exceptions - BR127

Parental Rights

Foreign law, application of, protection of rights - BR66
Grandparents, visitation rights as to grandchildren - BR40
Parental rights, termination of - BR194

Parks and Shrines

Sex offenders, prohibition of presence on publically owned playground - BR64

Peace Officers and Law Enforcement

Asset forfeiture, methamphetamine-contaminated vehicles, disposal of - BR70
DNA, sample collection at arraignment, requirement for - BR4

Graduation requirement, non-accredited high schools - BR239
Warrantless drone surveillance or use of armed drones by certain entities, prohibition - BR11

Pharmacists

Zohydro, classify as Schedule I - BR112

Physicians and Practitioners

Controlled substances, penalties and protocols relating to - BR164, 333
Substance abuse, treatment of - BR195
Zohydro, classify as Schedule I - BR112

Police, City and County

Asset forfeiture, methamphetamine-contaminated vehicles, disposal of - BR70
DNA, sample collection at arraignment, requirement for - BR4
Warrantless drone surveillance or use of armed drones by certain entities, prohibition - BR11

Police, State

Asset forfeiture, methamphetamine-contaminated vehicles, disposal of - BR70
DNA, sample collection at arraignment, requirement for - BR4
Uniform smoking citations, distribution to health departments - BR127
Warrantless drone surveillance or use of armed drones by certain entities, prohibition - BR11

Popular Names and Short Titles

Kentucky Buy American Act - BR253
Zoe’s Law, termination of parental rights - BR194

Probation and Parole

Controlled substances, conditions for release, prisoner - BR164
substances, penalties and protocols relating to - BR333
substances, treatment, penalties and protocols relating to - BR195
Heroin trafficking, penalties and release authority relating to - BR56

Property

Asset forfeiture, methamphetamine-contaminated vehicles, disposal of - BR70
Cruelty to animals, forfeiture and ownership provisions - BR177
Sport fishing license requirement, landowner exemption for private waters - BR78

Property Valuation Administrators
Valuation appraisal standards for older motor vehicles, amend and define standard value - BR71, 132 standards for used motor vehicle, clarification - BR30
Public Buildings and Grounds
Contracts, Kentucky Buy American Act, compliance with - BR253 Indoor smoking, prohibition in enclosed public places, exceptions - BR127
Public Health
Asset forfeiture, methamphetamine-contaminated vehicles, disposal of - BR70 Controlled substances - BR164 substances, denial of treatment of pregnant women, relating to - BR164 Substances, relating to public health - BR333 Indoor smoking, prohibition in enclosed public places and places of employment - BR127 Living organ donation, promotion of - BR178 Zohydro, classify as Schedule I - BR112
Public Officers and Employees
Election of statewide constitutional offices, change to even-numbered year - BR232 Expungement and criminal records, eligibility, process, standards, and protections - BR151 Offender employment and licensure, requirements applying to - BR22 Public pension funds, disclosure of placement agents - BR102 Pension Oversight Board, oversight of additional state-administered retirement systems - BR212 Rescue squad members, death or disability, survivor benefits - BR216 Retirement, require state retirement systems to disclose legislators' retirement account information - BR85 restrict account consolidation for legislative retirement - BR198 State-administered retirement systems, ban placement agents, require adherence to state contract law - BR91
Public Records and Reports
Expungement and criminal records, eligibility, process, standards, and protections - BR151
Public Safety

Asset forfeiture, methamphetamine-contaminated vehicles, disposal of - BR70
Law enforcement, graduation requirement, non-accredited high schools - BR239
Warrantless drone surveillance or use of armed drones by certain entities, prohibition - BR11

Public Works
Contracts, Kentucky Buy American Act, compliance with - BR253
Purchasing
Public contracts, Kentucky Buy American Act, compliance with - BR253
Redistricting
Standards for, proposed constitutional amendment - BR256
Religion
Foreign law, application of, protection of rights - BR66
Reproductive Issues
Sherry Ballard Fetal Homicide Act, short title - BR190
Retirement and Pensions
Kentucky Retirement Systems, requirements for appointees with investment expertise - BR91 Legislators' Retirement Plan, restrict account consolidation - BR198 Public Pension Oversight Board, oversight of additional state-administered retirement systems - BR212 Pension Oversight Board, study moving administration of judicial and legislative plans - BR91 Pension Oversight Board, study moving administration of County Employees Retirement System - BR91 State Adm. Retirement Systems, require disclosure of legislators' retirement account information - BR85 State-administered retirement systems, ban placement agents, require adherence to state contract law - BR91 retirement systems, disclosure of placement agents - BR102
Safety
Aircraft, prohibit the discharging of lasers at - BR55 Minor in vehicle, removal, civil immunity - BR80
Secretary of State

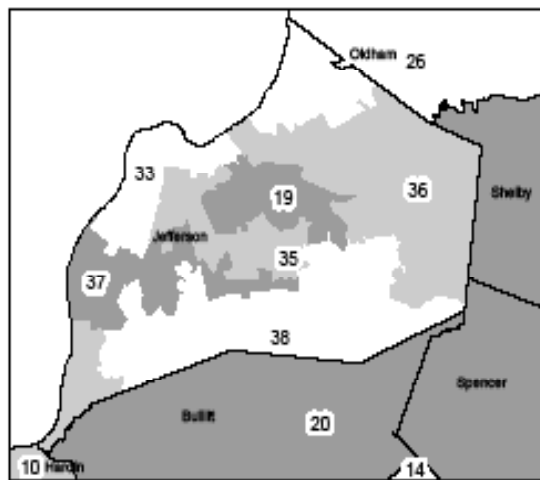
Constitutional amendment, General Assembly, compensation suspended - BR68
Public benefit corporations, establish - BR7
Time of election, move to even-numbered year - BR232

Sheriffs
Asset forfeiture, methamphetamine-contaminated vehicles, disposal of - BR70 DNA, sample collection at arraignment, requirement for - BR4
Small Business
Dextromethorphan, possession and retail sale, prohibition - BR117
Special Districts
Rescue squad members, death or disability, survivor benefits - BR216
State Agencies
Board of Education, academic content standards, revision of - BR97 of Education, data vendor transparency and privacy standards, requirement of - BR97 Contracts, Kentucky Buy American Act, compliance with - BR253 Council on Postsecondary Education, academic content standards, consultation with - BR97 on Postsecondary Education, dual credit policy, establishment of - BR58 Health and Family Services, custody of abused or neglected child, notice to schools - BR67 Kentucky Board of Education, district of innovation, student assessments, waive or modify - BR175 Board of Education, identify career-ready students - BR269 State-administered retirement systems, disclosure of placement agents - BR102
Statutes
Short title, KRS Chapter 507A - BR190
Studies Directed
Death penalty costs, creation of task force - BR20 Public Pension Oversight Board, moving administration of judicial and legislative retirement plans - BR91 Pension Oversight Board, study moving administration of County Employees Retirement System - BR91

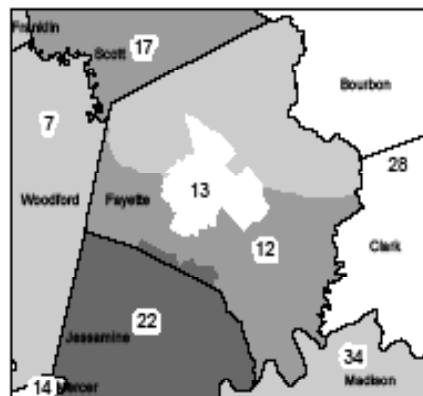
Substance Abuse
Controlled Substances, Acetylfentanyl, addition to Schedule I - BR168 Dextromethorphan, possession and retail sale, prohibition - BR117 Zohydro, classify as Schedule I - BR112
Taxation
Coal severance revenues, distribution - BR116 Individual income tax, airline payment amount, extension of time to file refund for - BR31 Inheritance tax, redefine Class A beneficiaries to include daughters-in-law and sons-in-law - BR69 Noise abatement costs near airport, tax credit for - BR203 Organ donation, income tax credit established for promotion of - BR178 Property tax appraisal standards for older motor vehicles, amend and define standard value - BR71, 132 Roll call vote, requirement for - BR65 Sales and use tax vendor compensation, increase - BR180 and use tax, holiday - BR118 TVA in-lieu-of-tax payments, direction to economic development activities - BR236
Taxation, Income--Corporate
Noise abatement costs near airport, tax credit for - BR203 Organ donation, tax credit established for promotion of - BR178
Taxation, Income--Individual
Airline payment amount, extension of time to file refund for - BR31 Noise abatement costs near airport, tax credit for - BR203 Organ donation, tax credit established for promotion of - BR178
Taxation, Inheritance and Estate
Inheritance tax, redefine Class A beneficiaries to include daughters-in-law and sons-in-law - BR69
Taxation, Property
Appraisal standards for older motor vehicles, amend and define standard value - BR71, 132 TVA in-lieu-of-tax payments, direction to economic development activities - BR236 Valuation standards for used motor vehicle, clarification - BR30
Taxation, Sales and Use

Holiday - BR118 Vendor compensation, increase - BR180
Taxation, Severance
Coal severance revenues, distribution - BR116
Teachers
Academic content standards, local supplementation of - BR97 Common Core and Next Generation Science Standards, prohibit use of - BR97 Interscholastic extracurricular activities, participation in - BR34 Special education, eligibility through end of school year in which student has 22nd birthday - BR82
Tobacco
Indoor smoking, prohibition - BR127
Trade Practices and Retailing
Dextromethorphan, possession and retail sale, prohibition - BR117 Gambling, devices and penalties - BR229
Traffic Safety
DUI, prosecutorial training on amendment of charges - BR38 requirement of prosecutorial background checks - BR39 Ignition interlocks, usage of - BR270
Transportation
Aircraft, prohibit the discharging of lasers at - BR55 Education, safety, heatstroke, minor in vehicle - BR80 Veterans Memorial Highway, designate in Nicholas County and Bath County - BR126
Treasurer
Time of election, move to even-numbered year - BR232
Unified Local Governments
Indoor smoking, prohibition - BR127
United States
Firearms, federal laws and rules, invalidate - BR14
Universities and Colleges
Articulated credit courses, require acceptance of -

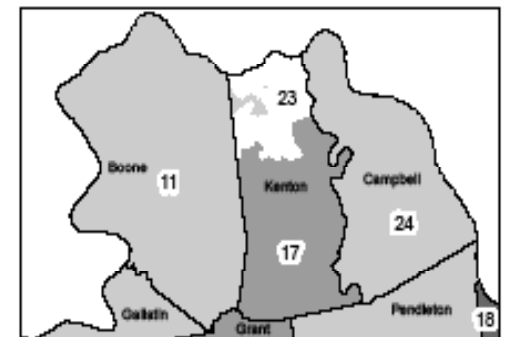
BR58 Dual credit courses, implement policy for - BR58
Veterans' Affairs
Veterans Memorial Highway, designate in Nicholas County and Bath County - BR126
Waterways and Dams
Sport fishing license requirement, landowner exemption for private waters - BR78
Wills and Estates
Inheritance tax, redefine Class A beneficiaries to include daughters-in-law and sons-in-law - BR69
Witnesses
Oaths, taking of - BR35
Women
Foreign law, application of, protection of rights - BR66



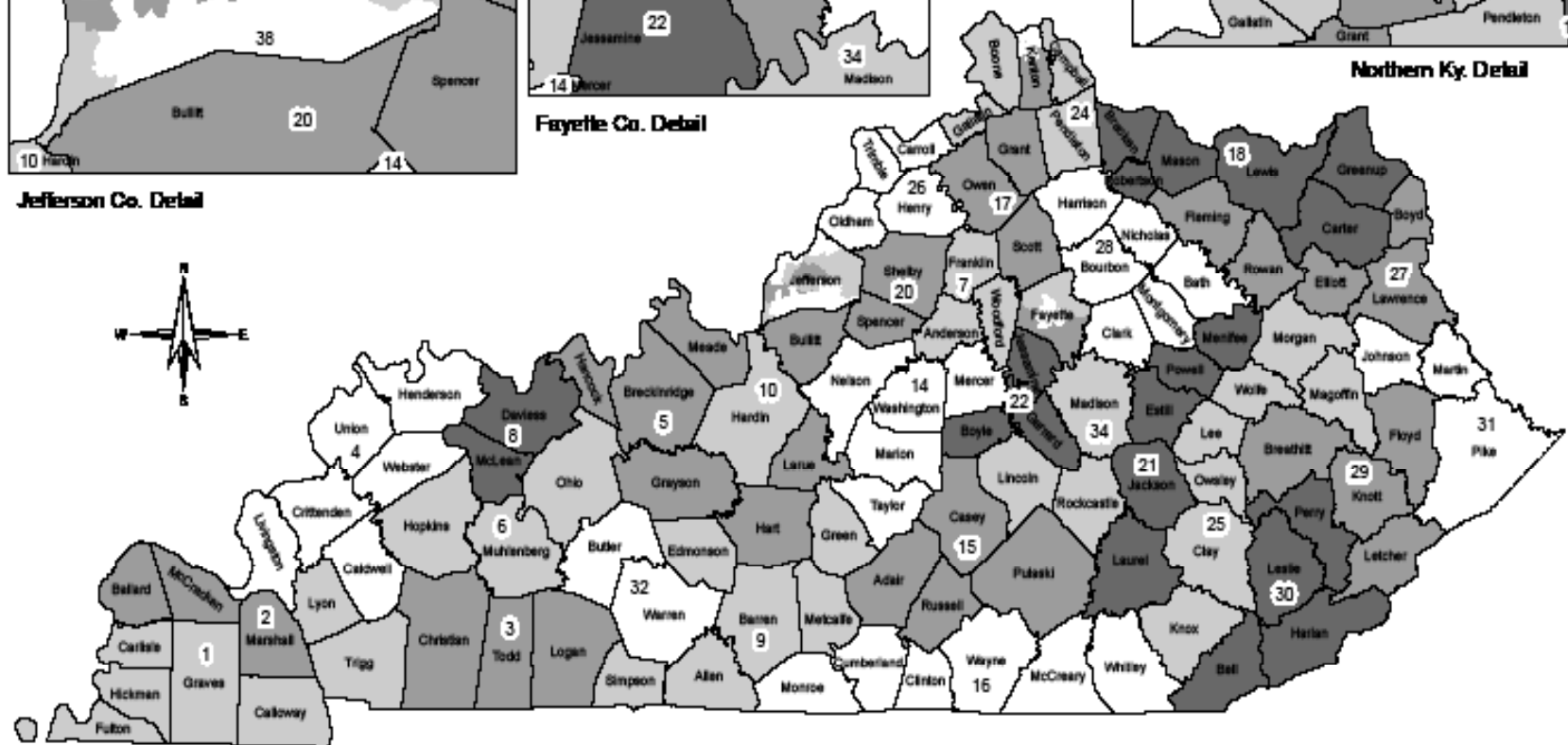
Jefferson Co. Detail



Fayette Co. Detail



Northern Ky. Detail

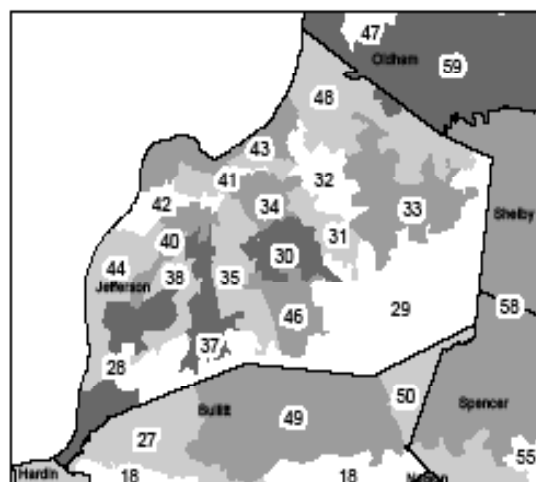


2002 Kentucky Senate Districts

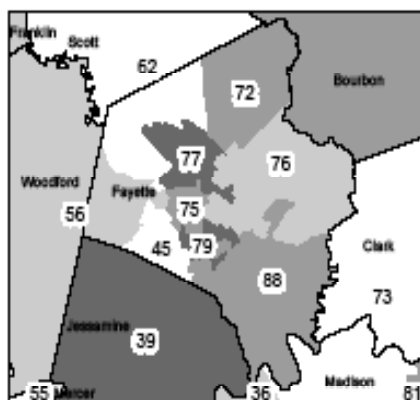
Senate Plan (SH001A09) became law (KRS 5.101 - 5.138) January 31, 2002, with enactment of House Bill 1.

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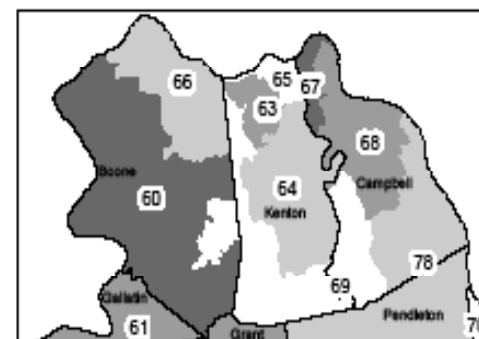
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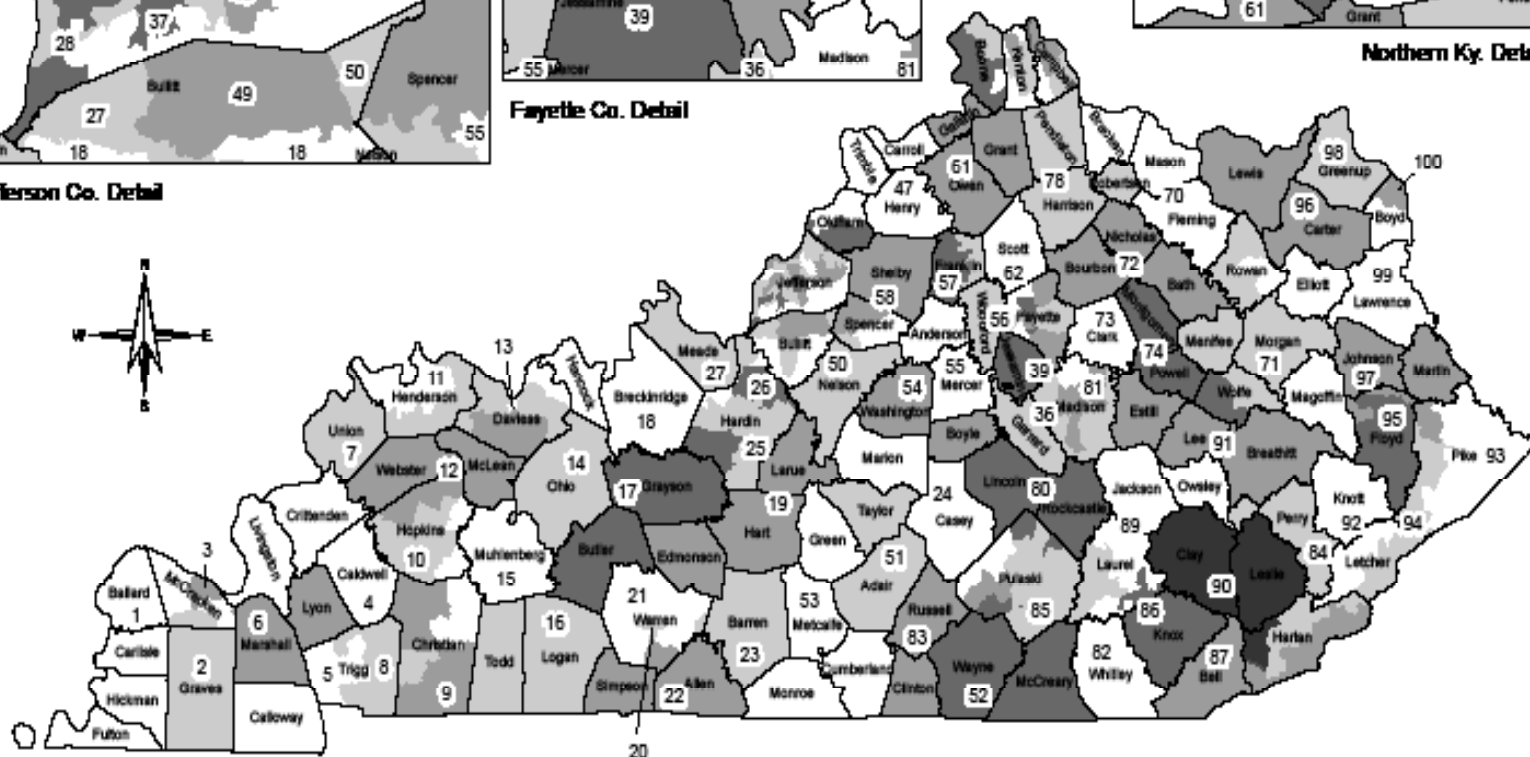
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Fayette Co. Detail



Northern Ky. Detail



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005

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- 396** Office of Education Accountability Governance Of Education Data Security In Kentucky
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The Commission and its staff, by law and by practice, perform numerous fact-finding and service functions for members of the Legislature, employing professional, clerical and other employees required when the General Assembly is in session and during the interim period between sessions. These employees, in turn, assist committees and individual legislators in preparing legislation. Other services include conducting studies and investigations, organizing and staffing committee meetings and public hearings, maintaining official legislative records and other reference materials, providing information about the Legislature to the public, compiling and publishing administrative regulations, administering a legislative intern program, conducting orientation programs for new legislators, and publishing a daily index and summary of legislative actions during sessions.

The LRC is also responsible for statute revision, publishing and distributing the Acts and Journals following sessions, and for maintaining furnishings, equipment and supplies for the Legislature. It also functions as Kentucky's Commission on Interstate Cooperation in carrying out the program of the Council of State Governments as it relates to Kentucky.

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