



2018

INTERIM RECORD

November

A SUMMARY OF INTERIM ACTIVITIES

Volume 31, No. 7

PUBLISHED BY
LEGISLATIVE RESEARCH COMMISSION
WWW.LRC.KY.GOV/LEGISLATION.HTM

Early childhood programs eyed by panel

by Rebecca Hanchett
LRC Public Information

FRANKFORT— Voices of state officials reading story books to children in the State Capitol rotunda echoed through the building's halls on Nov. 16 as the state's legislative Tobacco Settlement Agreement Fund Oversight Committee met in the Annex next door.

Governor's Office of Early Childhood (GOEC) Executive Director Linda Hampton told the panel that turning the rotunda into a classroom for a day to support the state's "Believe in Me KY" literacy and adoption/foster care initiative showcases some of the good things that Kentucky's tobacco settlement dollars make possible.

"All of this could not have happened (except) through the importance of the tobacco money because again, the fact truly is literacy is the foundation for learning," said Hampton.

Kentucky lawmakers budgeted over \$24.5 million in tobacco settlement funds for Early Childhood programs in fiscal year 2018, Hampton reported. Most of those funds are allocated to two programs, child care assistance and the HANDS (or Health Access Nurturing Development Services) Program. HANDS received slightly more than the child care program – or \$9 million—in fiscal year 2018, according to GOEC.

HANDS is overseen by the Department for Public Health, which also administers the state's Early Childhood Mental Health (ECMH) program that serves mostly children from birth through age 5 and their families. The department's Early Childhood Development Branch manager Paula Goff told the panel that adverse experiences in children too young to read can lead to trouble later on.

"Children who don't have good social and



Rep. Myron Dossett, R-Pembroke, co-chairs the statutory Tobacco Settlement Agreement Fund Oversight Committee meeting on Nov. 16 in Frankfort.

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Bourbon boom continues, lawmakers told

by Jim Hannah
LRC Public Information

FRANKFORT – Kentucky Distillers' Association officials appeared before a legislative panel on Nov. 9 to unveil their priorities for the General Assembly's 2019 session.

"One of our top priorities is to pursue legislation to bolster the ignition interlock device statute that we currently have in the state," said Bryan Alvey, the association's senior director of governmental and external affairs, while testifying before the Interim Joint Committee on Li-

censing, Occupations and Administrative Regulations. "Our industry takes social responsibility very seriously."

The state's current ignition interlock device statute was last amended in 2015 with the passage of Senate Bill 133. It requires some people convicted of driving under the influence to blow into a breathalyzer-type device to start their vehicle. The association would like to expand the program.

Alvey said the group also supports stiffer penalties for minors who possess fake IDs in addition to expanding Louisville's driving under

the influence (DUI) court to other parts of the state.

"We think these efforts will also help public safety as a whole," Alvey said.

Another legislative priority is to make a change to a tax provision included in 2018's House Bill 366. Alvey said the state revenue cabinet has interpreted the law in an unfavorable way to distillers. He said that has resulted in distillery tour tickets purchased through tour companies being taxed twice – or at a 12 percent rate.

"We are the heaviest taxed industry in the

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Early childhood, from page 1

emotional development – they don't form good attachments with caring adults – as they get older, we read about them in the newspaper. We see what happens to them splattered across our TVs, and right now many of those children if you look back ... they're in prison," said Goff. Breaking that cycle means offering supports for them and their families, she said.

Her branch helps toward that end by using state tobacco dollars to provide support to families by funding services from mental health specialists in their "off hours," Goff said. In fiscal year 2018, the ECMH served over 4,700 children and families and helped train over 1,000 staff in Head Start, childcare and state-funded preschool.

The HANDS program provides hands-on training to parents of young children through a voluntary home visiting program handled by local health departments. Over 5,500 first-time parents were served by that program with the support of state tobacco funds in fiscal year 2018, said Goff.

What Goff called the "proven effectiveness" of the HANDS program – which has been in place statewide since the year 2000 – has led the state to expand the program's reach to families with more than one child. That part of the program is funded through a 2011 federal grant and non-tobacco dollars, she said.

Tobacco Settlement Agreement Fund Oversight Committee Co-Chair Myron Dossett,



Senate Minority Whip Dennis Parrett, D-Elizabethtown, comments on early childhood programs in Kentucky during the Nov. 16 Tobacco Settlement Agreement Fund Oversight Committee meeting.

R-Pembroke, asked Goff how parents can receive support from HANDS. She said parents are referred for support from a number of sources including physicians and hospitals.

"It's an open referral," she said. "Once the health department gets the referral, they'll call that family."

A baby must be no older than three months

to be eligible for services through the HANDS program under current state regulation, Goff said. But some mothers of older infants (up to six months of age) have a brand-new program to help them out. That program, called HEART (Healing Empowering Actively Recovering Together), is geared toward mothers in recovery from substance abuse, she said.

"Because not everybody gets captured in that first three months of life who would like to participate," said Goff. The HEART program is now operating in Floyd County, but Goff there are plans to expand it to other areas.

Sen. Minority Whip Dennis Parrett, D-Elizabethtown, said an abandoned baby shared the same hospital nursery as his daughter some 30 years ago. He asked GOEC and Goff what services are available for abandoned infants. Most of those children, Goff said, end up in foster care.

There are more than 10,000 children in Kentucky's foster care system right now, said Hampton.

"There are so many children who are abandoned, and they don't have anything," she said. "What they do have is folks like you who saw that. They have folks like all of us who are morally obligated to be there for our children."

Kentucky's tobacco settlement dollars are drawn from the state's share of a 1998 multi-billion-dollar settlement between major tobacco companies and 46 states.

Bourbon, from page 1

state," Alvey said. "Anything we can do to minimize our tax burden would be greatly appreciated."

Senate Majority Floor Leader Damon Thayer, R-Georgetown, said tour tickets being taxed twice was the result of what he believes is a misinterpretation by the state revenue cabinet.

"I do think it is our responsibility to clean that up," he said. "That is not what we meant to happen."

The association is also looking to extend a provision in 2015's Senate Bill 11 that allows a voting precinct in a "dry" county to go "wet." Alvey said the provision has allowed distilleries in dry counties to serve bourbon samples to visitors in addition to selling distilled spirits.

Kevin Smith, chair of the association's public affairs committee, testified at the hearing on the

health of Kentucky's bourbon industry. He said this year's tax assessed value of aging barrels is \$3 billion, up \$456 million from 2017. He added that premium small batch and single barrel brands are now driving the "bourbon revolution."

Smith said there are 8.1 million barrels of bourbon in Kentucky. That's almost two barrels for every person living in the state, he said.

Distillers have made \$485 million in capital investments since 2011, Smith said, and plan to spend another \$620 million on capital improvements in the next five years.

Rep. Jerry T. Miller, R-Louisville, asked how many people are employed by Kentucky's dis-

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Kentucky cities share priorities with lawmakers

by Rebecca Hanchett
LRC Public Information

FRANKFORT—Kentucky cities continue to call for separation of their retirement system from the Kentucky Retirement Systems as state lawmakers gear up for the General Assembly's 2019 regular session.

Separating the County Employees Retirement System (CERS) from KRS is the top priority of Kentucky cities, according to Kentucky League of Cities (KLC) President and Mayfield Mayor Teresa Rochetti-Cantrell. She told the Interim Joint Committee on Local Government on Oct. 25 that while CERS is the KRS's largest system with nearly \$9 billion – or 75 percent – of KRS assets, CERS only holds 35 percent of the seats on the KRS Board of Trustees.

Talk of a possible CERS separation from KRS has been ongoing since at least 2016, based on news reports.

"Cities want to ensure that the promised made to (our) workers are kept," Rochetti-Cantrell told the committee yesterday.

Legislation filed in 2017 by Interim Joint Committee on Local Government Co-Chair Sen. Joe Bowen, R-Owensboro, would have allowed the separation from KRS over a four-year period. Separate laws governing administration, benefits and investments of the CERS would have been established under Bowen's Senate Bill 226, which stalled late in the session.

When asked today by Rep. DJ Johnson, R-Owensboro, about how KLC envisions the separation, KLC Deputy Executive Director J.D. Chaney said it would take time to separate CERS assets from KRS, which is why SB 226 would have provided for a four-year transition. Both systems could have retained their own manage-

ment staff during that time, he said, allowing for resolution of any fiscal issues.

Johnson said he sees that as "a doubling of effort, possibly a doubling of cost. And I don't see where the solution to take care of that is at this point." But Chaney said most of the administrative costs, around 63 percent, are already paid by CERS.

Chaney said "traditional allocation of cost" would likely continue under separation, adding that KLC is flexible on that issue "if there was a compelling policy argument."

Also commenting on the cost of separation was Rep. Arnold Simpson, D-Covington. Simpson said recent figures shared by KRS before the state Public Pension Oversight Board indicate that separation may be cost-prohibitive. Chaney countered that KRS's figures actually support CERS's argument that separation is better for local government employees.

"If it's going to cost the state system more for us to separate on an ongoing basis, it shows they have been relying on CERS assets to make those purchases..." said Chaney, adding that CERS alone should be able to recover "in short order."

KLC's second highest priority for the 2019 session is road funding – namely, getting more of the state's gas tax revenue. Rochetti-Cantrell said KLC proposes that the 2019 General Assembly adopt a compromise between KLC and the Kentucky Association of Counties that would give cities and counties an equal 13 percent share of gas tax revenues above \$825 million, which KLC reports was the total available for revenue sharing in fiscal year 2014.

"This helps ensure cities that are often the center of commerce and activity within a county have the funds necessary to ensure the upkeep and safety of high-traffic areas, while also hold-



Rep. Arnold Simpson, D-Covington, comments on the 2019 legislative priorities of the Kentucky League of Cities at the Oct. 25 meeting of the Interim Joint Committee on Local Government.

ing counties harmless," Rochetti-Cantrell told the committee.

Other KLC priorities for 2019 include state legislation that gives cities greater revenue flexibility and protection, support for cities' continued fight against opioid abuse, and updating state laws that adhere to an outdated population-based city classification system updated in 2014.

Bowen advised KLC to carefully consider its top priority as session nears, cautioning the group on the "contentious nature of pensions."

"My only counsel to you would be—and I know how much you're advocating for that—but I sure wouldn't sacrifice some of these other priorities in an over-energized effort (on that)."

Bourbon, from page 2

tillers. Smith said the distillers belonging to the organization had 17,500 employees last year and an annual payroll of \$800 million. That figure doesn't include nonmember distillers such as Buffalo Trace in Frankfort.

"We (Kentucky) dominate the bourbon production landscape, but we are always mindful to know that this is something that is potentially in jeopardy," Smith said, who is also a vice president for the multinational spirits company Beam Sun-

tory. He said recent tariffs on distilled spirits have the potential of being disruptive to the industry.

"I mention this to you because I know a lot of leadership mentions that this isn't hurting the industry, but I'll tell you ... our company is already seeing millions of dollars lost in revenue as a result of these tariffs," he said.

Smith said that his employer has declined – so far – to pass along the increased costs to consumers.

Senate President Pro Tempore Jimmy Higdon, R-Lebanon, pointed out to association officials that half the world's bourbon is stored in his district.

"I'm very proud of that fact, and I'm very proud to be in bourbon country," he said.

Sen. John Schickel, R-Union, who co-chairs the committee, ended the meeting by announcing the panel's last meeting of interim will be on Dec. 10 in Frankfort.

2019 REGULAR SESSION CALENDAR

2019 REGULAR SESSION CALENDAR (approved by LRC 9/5/18)

JANUARY PART I

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

FEBRUARY – PART II

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

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

() Denotes Legislative Day

MARCH

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

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contacted by calling 502-564-8100.**

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INTERIM JOINT COMMITTEE ON TRANSPORTATION

Minutes of the 5th Meeting of the 2018 Interim

October 4, 2018

Call to Order and Roll Call

The 5th meeting of the Interim Joint Committee on Transportation was held on Thursday, October 4, 2018, at Owensboro Grain, in Owensboro, Kentucky at 1:00 PM. This meeting was held jointly with the Natural Resources and Energy Committee. Senator Ernie Harris, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Ernie Harris, Co-Chair; Senators Joe Bowen, C.B. Embry Jr., Dorsey Ridley, Johnny Ray Turner, and Mike Wilson; Representatives Lynn Bechler, Tim Couch, Ken Fleming, Robert Goforth, Dennis Horlander, James Kay, Suzanne Miles, Robby Mills, Walker Thomas, and Scott Wells.

Guests: John Wright, Executive Director, Owensboro Grain Company; Steve Henry, Webster County Judge/Executive; Adam O'Nan, Union County Judge/Executive; Melissa Polites, Director, Union County Senior Services; Greg Merle, President, Riverview Energy Corporation; Brian Wright, President/CEO, Owensboro Riverport Authority; Rod Kuegel, Chairman of the Board, Owensboro Riverport Authority

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

Welcome to Owensboro Grain Company

John Wright provided a brief history of the Owensboro Grain Company (OGC). The first continuous solvent extraction plant was built in 1962. A second plant and a coal-fired boiler were built in 1981. Due to government regulations, the coal-fired boiler was replaced with natural gas. The boiler can be switched back to coal if needed in the future. In 1989, a plant was built to produce lecithin which is a derivative of soybean oil. A second river pier was added in 1991 for separate loading and unloading of barges.

The Edible Oils Plant was built in 1995 to produce refined, bleached, and deodorized soybean oil and an assortment of hydrogenated products. In 2007, a pipeline was installed in collaboration with the city of Owensboro, and the Biodiesel Plant was added to the refinery. The pipeline allowed for degummed soy oil to be pumped directly from the lecithin plants to a bulk storage location, eliminating the need for barges. The hydrogenation portion of the Edible Oils Plant was closed in 2010 due to the increase in demand for more low trans-fat oils. The closure of the Edible Oils Plant left OGC with excess soybean oil. This excess will now be used to produce 53 million gallons of biodiesel a year and 36 million pounds of refined glycerin. The Refinery Glycerin Plant was added in 2014. The

Owensboro Grain Company has 165 employees and is the last family-owned soybean crushing plant in Kentucky.

Kentucky Coal and Mineral County Coalition

Webster County Judge/Executive Steve Henry stated Kentucky is the third largest producer of coal in the United States. In fiscal year 2018, Kentucky severed 43.1 million tons of coal. In fiscal year 2012, the coal severance tax yielded \$298.3 million and declined to \$89.6 million in fiscal year 2018. This decline is due to additional federal government regulations that made it harder to open new coal mines and for existing power plants to burn coal, resulting in the permanent closure of coal-fired power plants.

Union County Judge/Executive Adam O'Nan stated Union County is the largest coal producer in Kentucky. There are currently several projects funded by coal severance tax dollars. One of the projects is the Waverly Volunteer Fire Station. There is also a water project to install approximately 7,000 feet of water line to regulate pressure issues and distribute cleaner water. Melissa Polites, the Union County Senior Services Director, testified about how coal severance tax dollars are being used to fund a senior citizens project serving over 250 seniors in Union County.

Judge Henry stated that in the last six years coal severance taxes have decreased from 3.2 percent of the general fund to 0.8 percent. In 2018, when the coal sheet was finalized, the counties had already begun the budget process before the General Assembly adjourned, so counties did not have the time to adjust to the changes that were made. Judge Henry said there should be a plan for 2020 that will help return the severance funding to local communities.

In response to a question from Representative DuPlessis, Judge Henry stated Webster County does not have an occupation tax, because there is not a lot of industry. An occupation tax would not be beneficial.

Direct Coal Hydrogenation

Greg Merle, President of Riverview Energy Corporation (REC), stated that REC is a developer of Direct Coal Hydrogenation (DCH) projects in the United States. REC is in the permitting stage to build a refinery in Spencer County, Indiana, that will use Veba Combi-Cracking (VCC), which is based on the hydrogenation process. The refinery will produce 22,000 barrels of diesel fuel per day. VCC is a process for direct conversion of coal to valuable liquid products that does not require combustion or gasification, making it more efficient and cost-effective. There are three plants in the world that use VCC technology. There are two plants in China producing 20,000 barrels of diesel fuel per day and one plant in Russia producing 50,000 barrels per day.

The United States consumes close to 20 million barrels of liquid fuels per day and spends approximately \$333 billion annually importing oil. Mr. Merle stated that this money should be spent on the domestic coal

industry. The projects REC promotes will increase United States energy security by displacing imported petroleum-derived gasoline and diesel fuels, which will result in economic gains for consumers and potential national security benefits.

DCH is a clean coal technology because it removes high-sulfur coal and upgrades it to a clean air choice fuel. According to the Environmental Protection Agency (EPA), the new fuel standards for diesel have reduced nitrogen oxide emissions by 2.6 million tons each year. Annual emission reductions will be equivalent to removing the pollution from more than 90 percent of vehicles.

In 2015, the EPA released draft regulations designed to reduce carbon dioxide emissions, and if implemented it would make opening a coal-fired power plant impossible. The DCH facility will not be a generator of electricity and would not be subject to power generation requirements. There is also no legislation in effect, or being contemplated, that would subject the DCH facility to a carbon tax.

Update on Kentucky's Riverport Authorities

Brian Wright, President/CEO, Owensboro Riverport Authority updated the Committee on Kentucky's Riverports as well as the Owensboro Riverport. The Owensboro Riverport was chartered in 1966 by the City of Owensboro and was operational in 1976. The mission of the Owensboro Riverport Authority is to establish the Owensboro Riverport as the premier inland port in the Ohio River Valley by providing a dynamic, efficient, customer oriented, and market focused intermodal facility that contributes to commerce and economic growth for Owensboro and the region.

A chart was provided that displayed all of the active and developing public riverports in Kentucky. The impact of the riverports extends beyond the 7 counties with operating riverports. Counties within 100 miles of the riverports benefit. Mr. Wright compared cargo capacity, units, and length equivalencies of barges and semis. One barge is the equivalent to 58 large semis and one 15 barge tow is the equivalent to 870 large semis. Barges are fuel efficient. One gallon of fuel can move one ton of cargo 59 miles by semi, 202 miles by train, and 514 miles by barge.

The Owensboro Riverport is a 340 acre working terminal that includes 100 acre rail loop that has 90 railcars and 2.5 miles of port owned rail. The Riverport has 500,000 square feet of warehousing, a new cargo dock, a 110-ton friction crane, a spud barge, a 40-ton crane, and lift truck fleet. It is a designated delivery site for the London Metal Exchange and the Chicago Metal Exchange. The Owensboro Riverport is a U.S. Department of Homeland Security port and part of the U.S. Foreign Trade Zones Board.

Approximately 1.2 million tons of goods were transloaded at the Owensboro Riverport in FY 2018. Aluminum, fertilizer, grain, and sodium bicarbonate are all transloaded products that have seen substantial growth since 2013. A comparison over the last 6 years of tonnages shows that 51.73 percent of loads have gone by barge, 19.91 percent by rail, and 28.35 percent by truck. According to market share diversification, 21 percent of the market share is warehousing and distribution, 13 percent is bulk and grain, 22 percent is metals, 19 percent are leases, and tolling is 25

percent.

The Owensboro Riverport Authority has seen substantial growth from a revenue standpoint since 2013 and has grown over 128 percent since that time. The Riverport finished FY 2018 at approximately \$14.9 million in revenue generated from the services provided from transloading goods.

Since its inception in 1966, the capital investment at the Owensboro Riverport Authority has exceeded \$100 million. Approximately 10 percent of that amount were startup contributions from the Economic Development Authority and the city, 2 percent came from the Kentucky Riverport Improvement Grant and Department of Homeland Security, 28 percent came from private sector contributions, 60 percent came from riverport contributions.

The economic impact of the Owensboro Riverport Authority has been very substantial. It is estimated that in FY 2018 the economic impact was \$16.1 million of total output, \$8.6 million of labor income, and support for 197 jobs annually throughout the region. The average economic impact between 2013 and 2018 has been \$13.8 million of total output, \$7.0 million of labor income, and support for 161 jobs annually throughout the region. Mr. Wright stated that the Owensboro Riverport Authority, with support from grant contributions and private sector funding, has invested more than \$46.1 million in construction projects at the Riverport between 2013 and 2018. The impacts associated with these initial injections into the local economy are estimated to have contributed \$67.7 million in total economic impact, including total employment of 590 people and \$20.3 million in total wages during construction. The industry impact has included in 2016, an estimated \$10.7 billion in output, 57,898 jobs, and \$2.6 billion in labor income within Daviess County. In addition, out of an estimated \$23.3 billion in output, 114,589 jobs, and \$5.3 billion in labor income within the Green River Area Development District, \$3.5 billion in output, 8,020 jobs, and \$385.7 million in income was supported by commodity-driven industries.

Mr. Wright stated that, given the projected growth over the next 25 years, the USDOT has estimated 10 billion additional tons will move domestically throughout the United States. Centered in the Midwest, Kentucky's multimodal transportation network is critical to the long-term balance of road, rail, river, and air transportation. The Owensboro Riverport Authority Master Plan defined in 2016, calls for over \$40 million in capital and infrastructure improvements through 2026 to support this long-term balance. The Kentucky Association of Riverports along with the Kentucky Infrastructure Coalition supports increased sources of funding to meet the long-term multimodal transportation demands in Kentucky.

Rod Kuegel, Chairman of the Board, Owensboro Riverport Authority, discussed capital investments and leverage of investments. Each investment is important, including private sector contributions. There is an eight county area that the Riverport touches and approximately 7 percent of those jobs within those counties are due to the Riverport. It is a challenge to get a barge in the river; in places there are ten to 15 barge units tied up. There are problems

with older dams and their service ability as well as a problem moving river traffic. In 25 years, 29 billion tons will move on the rivers in the United States and stated some improvements to a few dams are necessary to be able to support those kind of numbers. It will take state and federal funding to make the necessary improvements.

In response to a question asked by Chairman Harris, Mr. Wright stated that not all of the mentioned 340 acres have been built out, and that there is a significant amount of land that still is available for use and development. In response to a second question asked by Chairman Harris, Mr. Wright stated all of the grain that is exported out of the Owensboro Riverport is exported internationally. Chairman Harris inquired about the number of employees employed by the Owensboro Riverport itself. Mr. Wright stated the Riverport has 44 employees.

With no further business, Chairman Harris and Chairman Gooch adjourned the meeting at 2:34 P.M.

INTERIM JOINT COMMITTEE ON NATURAL RESOURCES AND ENERGY

Minutes of the 5th Meeting of the 2018 Interim

October 4, 2018

Call to Order and Roll Call

The 5th meeting of the Interim Joint Committee on Natural Resources and Energy was a joint meeting with the Interim Joint Committee on Transportation held on Thursday, October 4, 2018, at 1:00 PM (CST), in Owensboro, Kentucky at the Owensboro Grain Company. 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 C.B. Embry Jr., Ernie Harris, Johnny Ray Turner, Robin L. Webb, and Whitney Westerfield; Representatives John Blanton, McKenzie Cantrell, Matt Castlen, Tim Couch, Myron Dossett, Jim DuPlessis, Reginald Meeks, Suzanne Miles, Robby Mills, Jim Stewart III, Jim Wayne, and Jill York.

Guests: John Wright, Executive Director, Owensboro Grain Company; Steve Henry, Webster County Judge/Executive; Adam O'Nan, Union County Judge/Executive; Melissa Polites, Director, Union County Senior Services; Greg Merle, President, Riverview Energy Corporation; Brian Wright, President/CEO, Owensboro Riverport Authority; and Rod Kuegel, Chairman of the Board, Owensboro Riverport Authority.

LRC Staff: Stefan Kasacavage, Janine Coy-Geeslin, Tanya Monsanto, and Susan Spoonamore.

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In response to a question asked by Chairman Harris, Mr. Wright stated that not all of the mentioned 340 acres have been built out, and that there is a significant amount of land that still is available for use and development. In response to a second question asked by Chairman Harris, Mr. Wright stated all of the grain that is exported out of the Owensboro Riverport is exported internationally. Chairman Harris inquired about the number of employees employed by the Owensboro Riverport itself. Mr. Wright stated the Riverport has 44 employees.

The next meeting will be November 1, 2018. Documents distributed during the meeting are available in the LRC Library and at www.lrc.ky.gov.

There being no further business, the meeting was adjourned.

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

Minutes of the 3rd Meeting of the 2018 Interim

October 11, 2018

Call to Order and Roll Call

The 3rd meeting of the Interim Joint Committee on Veterans, Military Affairs, and Public Protection was held on Thursday, October 11, 2018, at 1:00 PM, in Hopkinsville, Kentucky. Representative Tim Moore, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Tim Moore, Co-Chair; Senators Julian M. Carroll, C.B. Embry Jr., Stan Humphries, Dennis Parrett, and Mike Wilson; Representatives Myron Dossett, Mark Hart, DJ Johnson, Dean Schamore, and Walker Thomas.

Guests: Richard A. Cooper, Distinguished Veteran; Carter Hendricks, Mayor, City of Hopkinsville; Marc Quensenberry, Veterans Transition Liaison, West Kentucky Workforce Board; Lindsey Geraci, Director of Military Affairs, Christian County Chamber of Commerce; Kelli Pendleton, President/CEO, Christian County Chamber of Commerce; Colonel Blaine Hedges, Executive Director, Kentucky Commission on Military Affairs.

LRC Staff: Jessica Zeh, Jonathan Philpot, and Elizabeth Hardy.

The committee did not have a quorum. The September minutes were not approved.

Pledge of Allegiance

Co-chair Moore introduced the distinguished veteran, Richard A. Cooper, before leading the committee in the Pledge of Allegiance.

Distinguished Veteran

The committee awarded Richard A. Cooper, retired Army Command Chaplain, with the distinguished veteran coin. He shared with members the rules that he lives by and said that integrity and selfless service are the most important values.

Representative Dossett expressed his appreciation for Mr. Cooper and his wife.

City of Hopkinsville and Christian County

Hopkinsville Mayor Carter Hendricks described the goals for the city and achievements. He discussed the "Bold, Unified, and Strategic" vision. Mayor Hendricks said the city has a priority to be a military-friendly city. The property tax rate has declined since 2009 and is lower than 25 years ago. The population is not increasing at the rate previously expected. To change this, the city investing in the community and focusing on improving the conditions of Hopkinsville and Christian County. The city has built a dog park, a teen center, and a skate park. A transit system has been implemented to help with citizen transportation. Tax reform is critical for the city to be able to compete with Clarksville and the state of Tennessee.

Marc Quensenberry, the veteran's transition liaison for the West Kentucky Workforce Board, spoke about the military presence in the City of Hopkinsville, and about transitioning soldiers into the real world. To help soldiers transition, the board provides community relationships strategies, offers career services, coordinates with United States Department of Labor, and partners with other programs. Historically, about 80 percent of soldiers stay in Tennessee with 20 percent residing in Kentucky. Many people on Fort Campbell do not know what Kentucky has to offer. Remaining involved with veterans and companies is important to the city and to the veterans who are transitioning out of service. The board offers job shadowing and internships to soldiers and on-the-job training. Being proactive and intentional with building a meaningful network to learn from and to engage with is important to transitioning veterans as well. Two-thirds to 82 percent of soldiers do not have a plan when leaving the military and do not know about job opportunities in Kentucky. Income tax turns away many of the veterans.

Lindsey Geraci, Director of Military Affairs for Christian County Chamber of Commerce, spoke about the Military Affairs Committee and what it can do for veterans. The committee is committed to growing a community that embraces families of the military when the families separate from service. Christian County received the 2017 Great American Defense Community Award. One focus of the Military Affairs Committee is to provide community information, encourage military families to be involved in their civilian communities, and support soldiers as they transition. The committee's priorities include advocacy, relocation and recruitment, growing the transitioning soldier, and military spouse employment.

Rory Malloy, Executive Director of Fort

Campbell Strong Defense Alliance, said the alliance is a collaborative effort across six counties for economic diversification. Priorities include unifying the community, advocating on behalf of citizens of Fort Campbell, and growing the community. Soldiers have three considerations when deciding on permanent residency: proximity to friends and family, type of employment opportunities, and whether they should move home to be near family. Tennessee has no state income tax while Kentucky taxes income. Kentucky has lower property taxes in general compared to Tennessee. Tennessee has a higher sales tax. Kentucky does not tax military retirement income that is below \$41,000. There is a general lack of understanding of opportunities in the region. Many communities work to attract military families and focus on helping soldiers. The ratio for unemployment is 12.04 percent for military spouses versus 7.74 percent for civilian spouses. Mr. Malloy shared the goal of unifying, advocating, and growing in the Fort Campbell region.

Kelli Pendleton, President of Christian County Chamber of Commerce, discussed taxes in Kentucky. Tennessee has a 9.4 percent sales tax while Kentucky has a 6 percent sales tax, and many people still decide to go to Clarksville or Nashville to shop. Many soldiers are misinformed about the taxes in Kentucky because of what they hear before arriving on base. The state income tax is the biggest barrier to overcome. The fastest growing states have no income tax. Population growth being important and can be achieved by equal taxation, better education, and more housing developments. The region can embrace and take advantage of the growth that is happening south of the boarder.

Representative Thomas discussed prefiling a bill that will attract military retirees and that is supported by both parties.

In response to Senator Embry's questions, Mayor Hendricks he sees families come to Kentucky to take advantage of the lower sales tax. Having no state income tax and an equal sales tax to Tennessee would not necessary give Kentucky an advantage over Tennessee, but it would help level the playing field with Tennessee.

In response to Representative Dossett's comments, Mayor Hendricks explained that the south is growing much faster than Hopkinsville. In 1970, Clarksville and Hopkinsville had an equal population of about 28,000 to 30,000. Today, Clarksville has 150,000 citizens and Hopkinsville has 32,000 citizens. Clarksville is looking to grow to a population of 300,000 in the next 10 years while Hopkinsville could actually lose population.

In response to Representative Johnson's question, Mayor Hendricks explained that the population would not necessarily grown if there were no state income tax, but the area would see a noticeable impact. Housing demand would also increase, which would then increase the number of developers.

Kentucky Commission on Military Affairs

Colonel Blaine Hedges, Executive Director of Kentucky Commission on Military Affairs talked about the strategic goal number one, which is to protect and grow Kentucky's military installations. This can be achieved by advocacy. The commission distributes brochures to spread the word about "Fort

Kentucky” in an effort to make Kentucky the most military-friendly state.

Executive Reorganization Order 2018-718

The members took no action on Executive Reorganization Order 2018-718.

The meeting was adjourned at 2:54 PM.

INTERIM JOINT COMMITTEE ON AGRICULTURE

Minutes of the 4th Meeting of the 2018 Interim

October 10, 2018

Call to Order and Roll Call

The 4th meeting of the Interim Joint Committee on Agriculture was held on Wednesday, October 10, 2018, at 10:00 AM, in Room 149 of the Capitol Annex. Senator Paul Hornback, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Paul Hornback, Co-Chair; Representative Richard Heath, Co-Chair; Senators C.B. Embry Jr., David P. Givens, Dennis Parrett, Damon Thayer, Robin L. Webb, Stephen West, and Whitney Westerfield; Representatives Myron Dossett, Derrick Graham, Mark Hart, Angie Hatton, James Kay, Jason Petrie, Phillip Pratt, Rick Rand, Brandon Reed, Rob Rothenburger, Steven Rudy, Dean Schamore, Wilson Stone, Walker Thomas, James Tipton, and Susan Westrom.

Guests: Commissioner Ryan Quarles, Kentucky Department of Agriculture; Eston Glover III, General Manager, and Ben Westerfield, Grain Manager, Hopkinsville Elevator Company, Inc. and Mr. Wayne Hunt; Dr. Kirk Pomper, Dean, College of Agriculture, Communities and the Environment, Kentucky State University and Rachelle Johnson, Director of Government Relations, Office of the President, Kentucky State University.

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

The September 28, 2018, minutes were approved by voice vote, without objection, upon a motion made by Senator Westerfield and seconded by Representative Rudy.

Commissioner Ryan Quarles, Kentucky Department of Agriculture, stated that October is Farm to School month and there are 907 schools and 77 counties buying local foods. The crop yield for 2017 was amazing and some of the farmers have already exceeded last year's yields for corn. The yield for soybeans was lower due to extreme moisture. However, the mild weather allowed forage producers, which is a \$400 million business in Kentucky, to get an extra cutting of hay. He stated that the State Fair had over 600,000 attendees and the new exhibit “Ag Land” was a huge success. Commissioner Quarles stated that 6,700 acres of hemp were planted from 2017 through 2018 and there are 72 hemp companies in Kentucky. Hemp has now become a commodity in Kentucky. He stated that the USMCA (United States-Mexico-Canada Agreement) is a positive trade agreement that will effectively reduce tariffs to almost zero on almost all commodities between the three countries. Kentucky Proud program has 7,000 members and continues to grow. Over 200,000

pounds of Kentucky ground beef have been sold to Kroger through the Beef Solutions program. KDA is working to protect the veterinarian slots at Auburn and Tuskegee. KDA is working to implement its own Food Safety Modernization Act in order to keep FDA off the farm. KDA will be discussing issues at the November meeting regarding the right-to-farm laws, labeling meat products, and possible changes to the hemp laws. KDA is working to make Kentucky the agriculture technology hub in the United States.

In response to questions from Representative Rothenburger, Commissioner Quarles said that Kentucky has approximately 550 dairy farms. The milk market appears to have stabilized for the time being. Prairie Farms, in Somerset, is spending \$5 million to expand their plant to receive fluid milk. Canadians have a supply management system of which they are very protective. The USMCA puts pressure on Canada to finish the deal. It might help the dairy industry, but there are bigger issues facing the industry.

In response to Representative Graham, Commissioner Quarles said that between there are 41 protected veterinarian slots at Tuskegee and Auburn. Those slots allow Kentucky's brightest and best students to attend veterinary school. The department is working to keep those slots.

Mr. Warren Beeler, Director, Governor's Office of Agricultural Policy, stated that there are ongoing projects such as processing yogurt, butter, and cheese that could financially help the dairy industry.

Senator Hornback discussed grain quality inspections and grain discounts. Certain weather conditions, like heavy periods of rain, can seriously damage corn or soybeans in the field. Within the last couple of weeks, grain elevators started changing discount rates on damaged grain quality. The problem with grading the quality of a soybean is that it is graded subjectively, making the discount rate inconsistent. Senator Hornback said he will prefile a bill giving the Kentucky Department of Agriculture more authority to investigate grain discounts.

Impact of the Grain Industry in Kentucky Agriculture

Eston Glover III, General Manager, Hopkinsville Elevator Company Inc., stated that it had been years since Kentucky had experienced damage to soybean crops. There are different factors that could account for the inconsistency of the amount of deductions taken at an elevator plant. There are older employees who have extensive experience with grading damaged crops, and then also some younger employees who do not. On a normal day-to-day basis, graders are well-qualified.

In response to Senator Givens, Mr. Glover stated that his company works hard to get information out to customers regarding quality discounts or storage charges before the load is delivered. There is a website for pricing and other information. This harvest season was abnormal. Because there is a bottleneck of barges in the Gulf of Mexico, some beans will be sitting several days before they are loaded.

In response to Representative Tipton, Mr. Glover said that a lot of the crops are dealing with mold and other damage. Being able to use damaged kernels or beans would depend on the type of market and

process.

Senator Hornback explained that inferior or damaged soybeans change the protein content for feed. Damage also changes the color of oils used for candlewax. Beans that are not heavily damaged can be blended.

Mr. Beeler stated it might be beneficial to discuss the grading of beans and corn with the federal delegation on setting standards for measuring grain.

In response to Senator Parrett, Mr. Glover said that they are not seeing as much damage in the later planting of beans.

In response to Representative Rothenburger, Commissioner Quarles said that there have been some discussions on whether or not to pursue disaster aid.

Commissioner Quarles said that he would like some information from other states on how they handle grading beans and corn. It would also be important to follow federal standards.

Ben Westerfield, Grain Manager, Hopkinsville Elevator Company, Inc. (HEC) explained that HEC has been a farmer-owned cooperative since 1968. There are 3,482 members, 164 full-time employees, and in 2016, HEC was ranked the 63rd cooperative largest in the nation. HEC is one of the largest express unit train shippers for CSX south of the Ohio River. HEC provides risk management services with crop insurance and financing. HEC merchandises beans, wheat, and corn and some specialty crops. Besides Hopkinsville, there are locations in Clarksville, Russellville, Casky, South Union, Skyline, and Planters.

In response to Senator Hornback, Mr. Westerfield stated that a person must buy at least one share of stock for \$100 to be a member of the cooperative.

Mr. Westerfield stated that, in 2004, Commonwealth Agri-Energy came on line as Kentucky's only ethanol fuel plant derived from corn. The ethanol plant recently been expanded to produce 45 million gallons of denatured ethanol per year. The plant is also able to produce 97,000 tons of distillers dried grains, which is a cost-effective ingredient in feed rations. About 75,000 tons of CO₂ are processed as carbonation for beverages, medical packaging, and dry ice. The plant also produces 6,000 tons of corn oil per year and utilizes 16 million bushels of corn per year.

Mr. Westerfield explained that stockholder growth from HEC's inception has grown from 180 members to over 3,500. Members range from farming families who farm 80 acres to multi-county 35,000 acre operations. Members are located in 125 counties and across 27 states. HEC is now averaging nearly 70 million bushels of grain and is shipping 4,000 rail cars, 400 barges, and 10,000 trucks of Kentucky grown grains into the market place. In 2011, HEC handled over 51 million bushels of grain, and in 2017 that number grew to 75 million bushels. In 1996, HEC returned \$951,000 to members, and in 2017 HEC returned \$25,884,319 million to stockholders. Since 1968, HEC has returned approximately \$200 million to stockholders.

Mr. Westerfield stated that HEC's goals are to build and expand infrastructure, develop more value-added products, partner with end users in Kentucky and beyond to provide more markets, and to be a

profitable cooperative.

In response to Representative Thomas, Mr. Wayne Hunt stated that restrictions were recently lifted so that marketing and use of E15 fuel could be done year-round.

Senator Westerfield said it is important to understand that HEC serves Hopkinsville and most of the rest of Kentucky.

Kentucky State University's College of Agriculture Programs

Dr. Kirk Pomper, PH.D., Dean and Director of the Land Grant Program, College of Agriculture, Communities, and the Environment, Kentucky State University, said that KSU tries to bring programming that will meet the needs of the agriculture community in Kentucky. The Land Grant Program works to resolve agricultural, educational, economic, and social problems of the people of the Commonwealth of Kentucky, especially limited-resource persons and families, in urban and rural areas. KSU's aquaculture program is a program of distinction as it is ranked in the top 5 in the United States that the Sustainable Agriculture and Human Health's Organic program is in the top 20 in the nation. KSU has several other research projects, including organic vegetable and hemp production. Professor Shawn Lucas is becoming a nationally-recognized expert in hemp. Human Health, Nutrition and Food Safety is researching value-added products, obesity and health, eating habits, DNA technologies for assessing food safety, and new methods to cleanse fruit, fish, and vegetables of bacteria. There is still interest also in what to do with Asian Carp. KSU is a part of the University of Kentucky Cooperative Extension. There are 25 agents and assistants located in the University of Kentucky Extension offices across Kentucky. KSU has a Third Thursday Sustainable Agriculture Workshop and Small Farmer Program. Kentucky AgrAbility is a University of Kentucky/Kentucky State University program that offers assistance to disabled farmers by installing hand controls on tractors. There is also a 4-H and STEM summer program located in Jefferson County. Other programs include the Kentucky Small, Limited Resource, Minority Farmers Conference, and the Center for Sustainability of Farms and Families.

KSU offers an undergraduate degree in Agriculture, Food and Environment and is now offering a degree in Agriculture Business. There are also two Masters programs in aquaculture and environmental studies. KSU receives USDA federal funds, which require matching funds from the state. Since 2016, KSU has been able to add 10 new programs, along with the hiring of additional extension agents. The current matching funds from the state will be \$147,000 short of matching federal funding, which is a concern.

In response to Representative Graham, Dr. Pomper said there was a shortfall in matching the land grant federal funding in the last biennium. Other than KSU, only Auburn and LSU provide Master of Science degrees in aquaculture, and they are nationally ranked above KSU. The 4-H and STEM summer programs are for three weeks.

Representative Graham explained that, if KSU lost the federal funding, then the money would go to another 1890 land grant institution elsewhere.

There being no further business, the meeting was adjourned.

INTERIM JOINT COMMITTEE ON LICENSING, OCCUPATIONS, AND ADMINISTRATIVE REGULATIONS

Minutes of the 4th Meeting of the 2018 Interim

October 12, 2018

Call to Order and Roll Call

The 4th meeting of the Interim Joint Committee on Licensing, Occupations, and Administrative Regulations was held on Friday, October 12, 2018, at 10:00 AM, in Room 129 of the Capitol Annex. Representative Adam Koenig, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator John Schickel, Co-Chair; Representative Adam Koenig, Co-Chair; Senators Joe Bowen, Tom Buford, Julian M. Carroll, Denise Harper Angel, Jimmy Higdon, Dan "Malano" Seum, and Damon Thayer; Representatives Tom Burch, Al Gentry, Dennis Keene, Chad McCoy, Jerry T. Miller, C. Wesley Morgan, Kimberly Poore Moser, David Osborne, Ruth Ann Palumbo, Phillip Pratt, Sal Santoro, Arnold Simpson, Diane St. Onge, Walker Thomas, and Susan Westrom.

Guests: Brendan Bussman, Director of Government Affairs, Global Market Advisors; Tom Delacenserie, President & CEO, Kentucky Lottery Corporation; Charles Cohen, Vice President, Sports Betting, IGT; John Osenenko, Vice President, Lottery Systems Business Development – Americas, Scientific Games; Brad Cummings, CEO, Equilottery Games; Mark Brenner, President, The Poker Alliance.

LRC Staff: Tom Hewlett, Bryce Amburgey, Jasmine Williams, Melissa McQueen, and Susan Cunningham.

Minutes

The minutes of the September 14, 2018, were approved without objection.

Global Market Advisors

Brendan Bussman, Director of Government Affairs, Global Market Advisors (GMA) said GMA is the largest gaming/hospitality consulting firm in the US market. In May, the Supreme Court ruled in *Murphy vs NCAA* that the Professional and Amateur Sports Protection Act (PASPA) is unconstitutional. The ruling removed federal restrictions on sports betting and left the regulation of sports betting to the states.

Sports betting is a high volume low margin business. The average sportsbook has a 40 to 50 percent operating cost. There is a federal tax of .25 percent of the total amount wagered (the total amount wagered is also referred to as the "handle") and a state gaming tax, which is different from state to state. Rhode Island will go live in November working through its lottery with a tax rate of 51 percent. Nevada is at 6.75 percent. Delaware's tax rate of 60 percent is a blended tax rate with 10 percent going to a horseman's fund to help support the racing industry. Delaware is one of the states grandfathered in since previously there was a parlay run through the lottery. However, now there is single game wagering. New Jersey has an 8.5 to 13

percent rate. There is a higher tax rate for the on-line games than for brick and mortar due to the cost to maintain a building being higher than maintaining a web site. Mississippi has set its rate at 12 percent and West Virginia went live Labor Day at 10 percent.

The lower the tax rate, the better ability of the operator to compete with the illegal bookies and the market off-shore. Sports betting is happening today in states where it is legal and where it is not legal. A strong regulatory market is needed that will allow legal operators to operate, but will control the illegal operators.

Most of the major sports leagues have been advocating for an "integrity fee" which would be an additional 1 percent of handle. However, many feel that the sports leagues will see an increase in their profits due to revenues from increased TV fees, fan engagement and sponsorships. There is little support for the concept of an integrity fee.

Currently there are 30 states having active discussions regarding how to implement sports betting. This is sparking the interest of the European market. Some European sports wagering companies are moving to the United States. William Hill Plc, came to the US from Britain and purchased the majority of independent sports books in Nevada. Paddy Power Betfair Plc purchased Fanduel to be able to operate in the United States. Europe's betting model is different than the United States.

Each state will look differently at how it will run sports betting. Some states will use casinos, lotteries and race tracks will also be considered as gaming outlets. There is also tribal impact. There are over 500 tribes looking at sports wagering. MGM just made an agreement with a tribal casino in California.

Pennsylvania just approved two licenses for sports betting. The Pennsylvania tax rate is at a 36 percent, of which 34 percent goes to the state and 2 percent stays with the local government where the license is held. The license fee is \$10 million. These figures were decided in order to fill a state budget deficit, not necessarily established based on market factors. There have only been two licenses sold and because the cost may be prohibitive all licenses available may not be sold. In West Virginia the lottery is the controlling interest and licenses are obtained through four casino facilities. West Virginia performed a study before passing legislation and writing administrative regulations. Because there is no professional team in West Virginia, the state did not include the one percent integrity fee.

GMA estimates a potential handle of up to \$138 billion depending on convenience and availability. From a revenue perspective that could mean \$10 million to \$104 million. Market considerations range from who operates the book, such as a casino, or a third-party operator, and include factors such as the convenience of mobile betting. Mobile betting is key to compete with the illegal books that are currently happening. Bookies use online apps or are going through an off-shore book. Mobile use is also more cost effective. Another consideration is offering "in play" wagering. These are bets that are made during a live game, such as what will the half-time score be, or other in-game statistics at markers along the way. Another consideration is allowing bets on

college/amateur or e-sports. E-sport is an emerging technology. They are organized, multiplayer video game competitions, particularly between professional players. All of these factors affect the revenue.

A key consideration is making sure that equipment being used is thoroughly tested to keep integrity. Customers need to know that they are gaming in a secure environment. Look to existing jurisdictions. For example, Nevada has been gaming for 50 years. Kentucky is unique in everything it does. A feasibility study will show actual revenue potential. Kentucky has a great horse racing industry here. There is strong potential for brick and mortar casinos here and sports betting should be included in those facilities. Tax rates are important. Licensure should include strict regulations as well as going with known operators, someone who has experience with sports betting.

In response to a question from Representative Koenig, Mr. Bussman gave an example that, in Las Vegas if a person bets \$11 on the Bengals to cover, and the person wins, the person gets \$21 back. That is a fairly simple example and there may be other bets that are more advantageous for the house. The odds are more in favor of the house versus a straight up over/under or a cover off of anything else. As you look at the law of averages, the book usually takes about 10 percent, but that can vary and can end up being only about 5 percent at times. The variability can change from year to year based on events beyond the control of the Book. For example, Las Vegas now has a professional hockey sports franchise with the Vegas Golden Knights. They are new. The scenario was of an expansion team coming to the city with an assumption that it would have no chance to make the playoffs. They came close to winning it all, and if the Golden Knights had won the Stanley Cup this year, books would have lost \$8-10 million.

In response to a question from Senator Carroll, Mr. Bussman said it is important to go with known, experienced operators when dealing with licensees. Additionally, adding convenience to the player is essential to be able to be competitive with illegal markets that already exist and have the ability to engage more patrons. Operators today want to make sure they know their customer. Regarding unregulated sports betting, you need to have strict regulations with operators who have a rate that allows them to compete. The 36 percent in Pennsylvania does not allow them to compete with the bookie that you can find at the bar down the street. The bookies that reside outside borders are also a problem.

In response to a question from Representative St. Onge, Mr. Bussman said projected revenue depends on the structure. The difference in cost between the brick and mortar or mobile app depends on who controls the mobile app. The relationship that you have as a brick and mortar facility through your mobile app with those customers will do two things; first, it will enhance the ability to wager on the race or game without going to the facility. Second, you can see the effect of gaming dollars added to non-gaming dollars, such as for food and beverages. Facilities that build a sports book with a restaurant will see increased revenue as well as added tax revenue from jobs, food and beverage or room tax.

Kentucky Lottery Corporation

Tom Delacenserie, President and CEO of the Kentucky Lottery Commission (KLC), said that the Kentucky Lottery will be 30 years old in April. KLC has 3,000 brick and mortar locations selling lottery tickets and sells online and through mobile apps. KLC is prohibited by KRS 154A.063(2) from offering sports wagering. Delaware, Rhode Island, and West Virginia offer sports wagering through the lottery. Mississippi has a Gaming Commission that is within its lottery. Globally, lotteries regulate 70 percent of sports wagering.

Kentucky will have to decide where sport wagering will be available, what license fees will be, if licensing fees will be a one-time fee or annual, whether it will include collegiate sports, the tax rate, who will oversee and operate sports wagering, and whether the tax rate will be on gross or net gaming revenue. KLC has estimated that the revenue from these taxes could be \$6.7 million to \$26 million.

Sports Betting in Kentucky

Charles Cohen, Vice President, Sports Betting for International Game Tech (IGT), said that what happens in a sports book is slightly more sophisticated than making a bet with a bookie. Sports betting itself is an extremely complex activity. Business sports betting involves investing hundreds of millions of dollars in technology, in people, and in infrastructure. A platform is built using thousands of bits of information. Very few companies in the world are capable of making this type of IT platform. On the other side, the data is received and the system settles all the wagers in seconds with 100 percent accuracy. Accountability is assured by legitimate operators to the bettors.

IGT has considered options for sports betting in Kentucky based on what other states have done and on its worldwide experience. There is a single supplier route. This is a monopoly of sports wagering, in this case through the lottery. This provides efficient oversight to regulate. However, the down side is that the economic potential is limited because there is no competition and the distribution comes from the existing lottery distribution. There could be a full open sports book with a regulatory body that would issue a license to anyone who applies. This could be limited to going through casinos which creates a free market. This also allows for mobile operators. However, this is costly and more complicated to regulate, although it has the maximum economic potential to the state because it will grow the business. The "Trusted Participants" model is a compromise between the first two. In this model there will be a limited number of licenses. Suppliers and partners will come from a trusted source. The economic potential is only slightly smaller, but there is more regulatory oversight and control. Using the trusted participants model in Kentucky could be based on using race tracks or the lottery.

The bonus is having digital access for bettors. There is no evidence that introducing mobile betting cannibalizes the land based business. It makes players more likely to continue playing. There is, however, a need to balance accessibility for the player with social responsibility. The illegal bookie has no incentive to care about his customer, as long as he gets paid. The

more open competition there is, the better it is to offer a safe service, particularly for people with gambling problems.

The integrity fees the sports leagues are seeking are just a money grab and integrity is served by having a good regulatory system.

Lottery Sports Wagering

John Osenenko, Vice President of Business Development for Scientific Games, said his company is a leading provider of retailer-based, and internet-based sports wagering around the globe. They have been partnered with the Kentucky Lottery, supplying instant produces and other services. Scientific Games has been in the business for 20 plus years and is a worldwide leader of sports solutions.

Considering the lottery to manage sports betting is not paving new ground. Sixty-five countries have legalized sports betting with 70 percent of the betting going through organizations that are managed by a lottery. In Kentucky there are retailers widely positioned across the state. They have fully regulated, age controlled environments. There is a history of support for good causes. The World Lottery Association supports transparency, integrity, consumer protection, and information flow. The KLC has achieved a level three in terms of responsible gaming.

Delaware's lottery is good model for lottery-based sports wagering. The rollout of the product, in 2009, started with three racetracks with a limited form of betting, on only one sport. The betting was only parlay wagering where the bettor must group bets together. In 2013 Delaware brought lottery retailers into the mix. As of June this year betting is open to all sports. Betting will primarily be in football, basketball and baseball. This allows for betting on a single event. The average ticket wager at a Delaware retailer is about \$10, at a casino it is about \$50. The more sophisticated bettor is using the casino/racetrack, the casual sports bettor will use the retailer.

In response to a question from Senator Carroll, Mr. Delacenserie said there may be lottery retailers who would not want to have a separate machine to make sports bets. Also, the retailer may not want to have a separate machine on counter space. People like vending machines, however. The lottery currently leases the machines and provides them to the retailers.

In response to a question from Representative Gentry, Mr. Delacenserie said that spending on the lottery is a discretionary dollar to begin with, so any other type of competition potentially takes away from that dollar. Sports betting probably would take money away from the lottery. The KLC will work hard to keep those dollars. To the lottery's advantage, there are online products as well as mobile apps which are important to the younger consumer.

Senator Thayer stated that the Kentucky Horse Racing Commission is also a regulatory body that could regulate sports betting in Kentucky.

In response to a question from Representative McCoy, Mr. Cohen said the kiosk is a large part of the in play wagering. In Europe the different countries have different gambling cultures. Setting up the regulatory environment correctly for your situation and business will benefit.

In response to a question from Representative

Palumbo, Mr. Osenenko said the charge to lease a machine depends on the market. There are generally two types of markets, a sell market and a participation market. The US is a participation market, so Scientific Games does not charge the lottery upfront. They are participating in the sales of the business. When a dollar is spent in Kentucky on the lottery, Scientific Games gets a small portion to pay for the investment in the technology. In a sale market the machines are valued from \$10,000 to \$25,000. The total cost in a participation market depends on the size of the jurisdiction and how much the vendor participates in the market.

In response to a question from Representative Miller, Mr. Cohen said the state will never be the “house.” The risk is based on cash flow and is born by the operators. Mr. Osenenko added that, cannibalization is not a consideration because the markets as well as the customers are different in sports betting and the lottery. Mr. Delacenserie commented that Keno will grow after June when there will be more vending machines in bars and taverns.

Representative Koenig thanked Mr. Delacenserie for his frank testimony as well as that of the two experts that accompanied him. He then said he would like to see the state follow the Nevada gaming model with one group, a Gaming Control Board, within that board there would be different types of regulation to standardize the state’s gaming.

Equilottery Games

Brad Cummings, Founder and CEO of Equilottery Games, said he began with the idea of lottery games based on the results of live horse racing. That idea has grown to the game called Win Place Show, due to launch in March of 2019, through KLC. Equilottery sees sports betting as a game of chance that could be the next big growth area in the lottery. Lottery players are sports fans. The Win Place Show market research in Kentucky shows that this game will bring in more new players than other lottery games that have been tested.

Equilottery envisions four categories in the future; draw games, instant play scratch-off tickets, Keno, and virtual sports and live sports. A Win Place Show player will purchase a \$2 ticket at retail or, once it is available, on lottery. The ticket will feature three horse numbers and names along with corresponding race track information. The random number generator quick picks horses. Because the ticket is quick picked it is not a game of skill. Each ticket has a QR code to download a mobile app to watch races. Racetracks will be paid a broadcast rights fee. Stores have been recruited in Louisville, Lexington, and Northern Kentucky to test the game. The mobile app is available in the Apple Store and Google Play in demo mode.

There are other live sports games. Baseball Bucks, Golfing for Gold, and Car Cash are built on the same platform as Win Place Show. However, these tickets are \$5 tickets because the events occur over a longer time span. For example, a golf tournament might take three days to complete. These are also random number generator quick pick tickets. A percentage of the money goes to the league or content provider for licensing, but also for cross promotions. Again, there is a QR code on the ticket so the player can download the app to watch the game. The payout depends on

the number of matches per ticket.

The benefits to Kentucky are a cutting edge innovation company founded in Kentucky making our state a leader in national gaming trends. The Win Place Show product specifically offers new avenues to promote and uplift Kentucky’s equine industry.

Representative Koenig said this could be seen as a Kentucky Proud Product.

The Poker Alliance

Mark Brenner, President of Poker Alliance, said his organization’s mission is to promote a safe, well-regulated environment for adults to enjoy the sport of poker. There is already an extremely robust gaming environment in the state of Kentucky. Thousands are playing online games that are unlicensed, with zero consumer protection. Two online venues recently shut down and took money with no accountability to anyone. There are dozens of websites that claim to provide legal online games in Kentucky.

In 2006, a number of major poker sites stopped doing business in the United States due to federal legislation. This left players with money in their accounts but unable to access their money under the Wire Act. Subsequently, the Department of Justice made it possible for players to withdraw their money. There are still people betting on unregulated sites, but now the state has authorization to take action to benefit players.

Regulated poker is a reality. Companies continue to focus on compliance, auditing, the prevention of money laundering, and multi-step identification processes to ensure that players are of legal age. When legalized, all operators will be required to have geo-locations. Also, Kentucky currently allows residents to wager over the internet on horse races, including websites owned by Churchill Downs. The Kentucky Lottery also offers games online. Poker Alliance is asking for the same protections to those who would like to play poker online in a safe environment. They view the state of New Jersey as an excellent example of how regulation works well for both the consumer and the state. Internet poker, along with internet casinos and sports gaming, referred to as iGaming, has been a big success in that state. David Rebeck, Director of Enforcement for New Jersey Gaming said “from a regulatory standpoint, our system is working, there have been no major infractions or any systemic regulatory failures that would make anyone doubt the integrity of our operations.”

In response to a question from Representative Koenig, Mr. Brenner said New Jersey reported revenue in August of around \$18.9 million. There is a memo of understanding that will allow players from different states to play against each other, creating more robust online tournaments. This also allows each of the states to collect taxes on those games. When asked if poker is a game of skill or chance he said it is a game of skill that requires great mathematical ability to calculate odds. There is no doubt that poker is a game of tremendous skill.

There being no further business, the meeting was adjourned at 11:57 AM.

INTERIM JOINT COMMITTEE ON EDUCATION

Minutes of the 4th Meeting of the 2018 Interim

September 10, 2018

Call to Order and Roll Call

The 4th meeting of the Interim Joint Committee on Education was held on Monday, September 10, 2018, at 12:00 p.m. CDT, at the Barren County Career and Technical Center, Barren County, Kentucky. Senator Max Wise, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Max Wise, Co-Chair; Senators Danny Carroll, David P. Givens, Alice Forgy Kerr, Stephen Meredith, Gerald A. Neal, Reginald Thomas, and Mike Wilson; Representatives Danny Bentley, Jim DeCesare, Mark Hart, Regina Huff, Mary Lou Marzian, Reginald Meeks, Phil Moffett, Kimberly Poore Moser, Melinda Gibbons Prunty, Jody Richards, Steve Riley, James Tipton, Russell Webber, and Jill York.

LRC Staff: Jo Carole Ellis, Yvette Perry, Christal White, and Maurya Allen.

Approval of Minutes

Senator Kerr made a motion to approve the minutes of the August 13, 2018, meeting. Motion was seconded by Representative Moffett and passed by voice vote.

Welcome to Barren County

Representative Riley introduced Cornelius Faulkner, Superintendent, Caverna Independent Schools; Amanda Able, Assistant Superintendent, Caverna Independent Schools; Keith Hale, Superintendent, Glasgow Independent Schools; Amy Allen, Principal, Glasgow High School; and Regina Murphy, Principal, Glasgow Middle School. Senator Givens also recognized the work done by students, staff, and the community to create the facility at Barren County that was hosting the committee. Representative Riley also introduced Michael Hale, Barren County Judge Executive.

Cortni Crews, Assistant Superintendent, Barren County Schools, gave a brief welcome to the Barren County Career and Technical Center. She said the best part of her job is working with students and watching them grow so she introduced Maddie Anderson, a 10th grade student at Barren County High School. Ms. Anderson shared many of the recent accomplishments of her peers and herself, including recent football and band competition victories. She spoke about the many opportunities presented to her through the Future Business Leaders of America and the importance of career and technical education to the students at Barren County.

Brad Johnson, Barren County High School Principal, spoke about the work Barren County Schools has done to incorporate business opportunities and educational opportunities into the programs at the new facility, including the Interapt Skills program. The district incorporates over 34 career pathways, Project Lead the Way (PLTW), and Science, Technology, Engineering, Arts, and Mathematics (STEAM) labs throughout the elementary, middle, and high school levels. These programs are excellent at reaching students at

different levels to provide them the skills needed to be successful in business and technology. They also have wrap-around services and have developed a “Trojans Look Out for Trojans” program to help students help each other and identify those that need support inside and outside of the classroom. Other initiatives include Christmas gifting programs, a free store for students who need clothing or other supplies, and an on-site mental health counselor. All of this was done to reduce the stigma associated with being a low-income student. Mr. Johnson said that these initiatives have been critical in creating a welcoming and supportive learning atmosphere for all students at the school. He presented a video documenting the Barren County Reads and Feeds program, where buses travel around the Barren County community serving several thousand meals. The buses also serve as sites for delivering backpacks of food for students in need and providing books to students who may not have anything to read at home. This was all part of an effort to recognize the high amount of need and low-income within the Barren County community and be proactive in providing solutions. Barren County High School is the number one feeder school for Western Kentucky University. About 55 percent of seniors graduated with dual credits and one in five seniors earn college credit through Advanced Placement (AP) coursework. Barren County tries to identify students who would benefit from career and technical education and assists them in getting certifications in career pathways.

Ms. Able, Assistant Superintendent, Caverna Independent School District, spoke about the workforce development initiatives that the district has been pursuing to help students and teachers reach their potential. The school is very diverse and can be referred to as an “inner city district in the country.” It is a “Google District,” allowing for complete integration of technology into the classroom and preparation of globally competent graduates. The district strengthens its efforts to incorporate technology through the creation of STEAM maker spaces and using 3D virtual goggles for instruction. All of this allows students to work collaboratively and harnesses multiple learning styles. Caverna High School recently launched its PLTW initiative through the support of the Dart Foundation and are now offering a biomedical science pathway. The district has a pathway in industrial maintenance, offering certifications in electrical technician and maintenance mechanic. More than 50 students are involved in the program, and it was built directly through support and recommendations from local business stakeholders. Much like Barren County, Caverna Independent has instituted a culinary program, which just began offering catering services in the community. Caverna Independent is the only high school partnering with the Western Kentucky University TOPS program to allow students to gain employment and, after a semester of work, receive financial support for coursework. Prior to participation in the program, students must take coursework in essential skills to prepare them to be excellent employees. This has proven to be invaluable to students, many of whom would be unable to afford dual credit courses. Ms. Able recognized the support of the Barren County and Hart County technology

centers for allowing students to attend classes in their facilities.

Mr. Hale, Superintendent, Glasgow Independent Schools, spoke about efforts to increase the number of students taking advantage of vocational education opportunities. When he started at Glasgow Independent, there were only 40 seats being occupied by Glasgow students at the career and technical center. Now there are over 100 seats used by Glasgow students to expand their vocational and technical skills. He has worked to incorporate more AP classes rather than dual credit because of the increased rigor of AP courses. He has placed more emphasis on being successful and encouraging a strong work ethic.

Ms. Allen spoke about Glasgow Independent High School being ranked 7th by U.S. News & World Report and the various successes the small school district has had over the last year. As with Barren County and Caverna Independent, Glasgow Independent is a PLTW school. It offers open enrollment in their AP courses, which is a key to the district’s success. This has been possible with a student population where 71 percent are on free/reduced price lunch and 14 percent experience homelessness. However, 80 percent have college aspirations, and the administration has worked hard to ensure that all 100 percent of the student population has hope and can succeed after school, whether that is in college or the workplace. One of the many programs offered that is unique to Glasgow is an internship program creating opportunities for students to work with businesses in the area. There are career and technical certification programs in engineering, advanced medicine, computer science, information technology, and culinary arts.

Barren County Innovations - #BeComeLifeReady

CheyAnne Fant, Director of Nutrition, Barren County Schools, discussed the offerings at Barren County to improve the percentage of graduates who attend higher education above the national average. The school system has adjusted the courses provided at the career and technical center to better align with local career needs based on new thinking that there are post-high school credentials for all, but it may not be in a traditional college environment. Bo Matthews, Superintendent, Barren County Schools, said that everyone can see the state-of-the-art football stadium, but not everyone can see the state-of-the-art learning performed in the classrooms surrounding the stadium. Barren County students and students from several area districts work collaboratively with instructors in many fields. At every opportunity, when a classroom is vacated through improved or increased collaboration, it is intentionally repurposed to better serve students and create new opportunities.

Barren County also recognized the deficit of students who have the essential skills to be successful after high school, and has therefore incorporated a mentoring program to “build Trojans” that incorporates core values into all the classes offered at the school. The goal is to ensure that every student is life ready upon graduation, regardless of whether the pathway is to postsecondary education or the workforce. Amy Irwin, College and Career Development Coordinator/Assistant Principal,

Barren County High School, said that the driving force behind the creation of the center was the question “why can’t our students have this?” that was asked following a visit to the Hardin County area technology center. Barren County worked to find any way possible to create the state-of-the-art facility that would be capable of giving students the best possible education. There are four programs at the facility that incorporate apprenticeship opportunities: Culinary Arts, Computer Science and Information Technology, Biomedical and Health Sciences, and Engineering and Design. Through the Work Ready Skills Initiative (WRSI), the school will be establishing a diesel mechanics program on the campus next year because it is such a high demand field for the area.

Scott Harper, Director of Instruction and Technology, Barren County Schools, covered the projects that students assisted with in the construction of the new facility, specifically the use of networking students in running the over 36 miles of cable throughout the building. He emphasized how valuable this hands-on experience was for students and how other similar opportunities with Interapt have been connecting students with real-world jobs.

Barren County Interapt Skills

Justin Browning, Interapt Skills Project Manager, spoke about the “educate and deploy” model used in the Barren County Interapt Skills (BCIS) program. Essentially, the BCIS program educates students by narrowing the technology skills gap in Barren County and surrounding communities, while at the same time, deploying graduates into the technology workforce or higher education. In the classroom, they have 36 students ranging in age from 16 to 36 and coming from diverse backgrounds. They also come from different education backgrounds including those with associate’s degrees, bachelor’s degrees, high school equivalencies, high school diplomas, and juniors and seniors at Barren County High School. All of the individuals also come from various application sites from Paintsville, Kentucky to Cupertino, California. Each participant sacrifices something to join the program, whether rearranging a schedule to an adult quitting a current job to take a course to move toward a career. Participants primarily are learning iOS app development, but later will be working on web development and responsive website design. They are learning the professional skills necessary to be successful long term, including the ability to socially network on LinkedIn and other social media. Students graduate the program as junior software engineers, a career pathway with as many as 71,000 apprenticeships currently available on Indeed.com. Each of those jobs has the opportunity to achieve a salary of \$24-35 per hour. Those that choose to transition to higher education may pursue careers in cyber security, computer science, and web development.

Work Ready Skills Initiative

Brooken Smith, Chief of Staff, Education and Workforce Development Cabinet, began his presentation on the WRSI with a short video covering the opportunity the WRSI Grant has recently made possible in Taylor County. Prior to the implementation of these projects, there was little to no training for workforce development in many parts

of the state, specifically in the areas of engineering and healthcare services. There is an aging infrastructure to support workforce training in Kentucky, as well as a pronounced skills gap, especially for middle-skills, which are those above high school diploma level and below college education. The goal of the initiative is to bring together employers, educators, and communities across the Commonwealth to create cutting-edge programs through employer led partnerships and modernization of facilities and equipment. The General Assembly's support has been critical, specifically through the passage of 2016 Regular Session House Bill 303, which allocated \$100 million in construction pool bonds for the WRSI.

Public-private partnerships have been valuable in helping to align curriculum, provide financial support, and provide physical support through the use of facilities and equipment necessary to train workers to meet demonstrated demand for jobs. Prior to being considered eligible, applicants were required to secure at least one private sector employer partner, one high school or secondary technical school partner, and one postsecondary institution partner, and they were encouraged to have collaborative partnerships with local elected officials, workforce development boards, and economic development agencies as well. Applicants also had to have a minimum of 10 percent local investment match of funds. Funds from a WRSI grant can be used for construction and equipping of new facilities, renovation or upgrade of existing facilities, or the purchase of new or upgraded equipment, software, and furnishings. Operational costs are disallowed and must be carried by the project partners.

To demonstrate the great need for this funding, Mr. Smith said there were 85 applications submitted requesting a total of nearly \$1 billion of combined grant and match monies. At this time, 40 projects have been awarded with a total community investment of over \$220 million, including approximately \$98 of WRSI funds and committed match funds of over \$121 million. The application process and awarding of funds was made in two rounds, the first in late 2016 and the second in early 2017. A 10-member committee publicly scored each proposal, and committee meetings were livestreamed for complete transparency. After acceptance of a proposal, contracts were negotiated between the applicant and the Education and Workforce Development Cabinet, including all terms, conditions, and requirements. Match funds must be spent before any applicant can access WRSI funds, which are released on a monthly basis as costs are incurred.

Each region of Kentucky has received funding for a WRSI project, so all citizens will be benefiting from the program. At this time, 12 projects have used their match funds, making them eligible to draw down WRSI funds, and an additional 10 projects are already drawing on WRSI funding. Of the 25 projects with a construction component, 23 are in the construction phase, and eight projects are nearing final completion. The Economic and Workforce Development Cabinet will issue a semi-annual WRSI report, but the initiative is already projected to double enrollment in workforce education opportunities. The WRSI provides monitoring and oversight by visiting

project sites monthly to assess project status, answer questions, and verify that requirements are being met. The cabinet also developed an online portal for award recipients to submit receipts and invoices that verifies all purchases are allowable and money is spent appropriately.

David Morris, Administrative Coordinator, Education and Workforce Development Cabinet, spoke about the Barren County project, which was the third largest project award at \$16.1 million, and the largest construction project at the time. The next projects reaching completion are the Shelby County Area Technology Center, receiving \$13 million, and the Logan County facility, which was an equipment only project receiving \$1.6 million in combined funds.

In response to a question from Senator Givens, Mr. Matthews said that education policy over the next five to seven years should strive to support the public-private partnerships that Barren County has been able to harness in creating this new facility. He recommended using focus groups and other outreach opportunities to identify the needs of each region and create localized strategic plans to meet those needs. Supporting improved infrastructure will also be critical.

Responding to a question from Senator Thomas, Mr. Matthews said that his focus was going to be primarily on what Barren County Schools can do, but he only sees charter schools as a motivating competitor. If Barren County Schools and other public schools are doing the best they can to educate, that is all that is required, regardless of what other options are available to students. As for revenue, the flat-lining of financial support from the state will be detrimental and will result in the raising of local taxes to meet the future needs of the school. Barren County Schools will continue to innovate and money is necessary to support that innovation, whether it comes from public or private sources.

Representative Riley again thanked the committee for coming to Barren County and meeting the individuals here who do an excellent job of educating students. Chairman Wise said that the October meeting had been cancelled, and the next meeting will be November 19, 2018, in Frankfort. With no further business, the meeting was adjourned at 1:55 p.m. CDT.

INTERIM JOINT COMMITTEE ON ECONOMIC DEVELOPMENT AND WORKFORCE INVESTMENT

Minutes of the 6th Meeting

of the 2018 Interim
October 18, 2018

Call to Order and Roll Call

The 6th meeting of the Interim Joint Committee on Economic Development and Workforce Investment was held on Thursday, October 18, 2018, at 10:00 AM, in Heritage Hall East at the Lexington Convention Center in Lexington, Kentucky. 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 Phillip Pratt, Co-Chair; Senators Perry B. Clark, Denise Harper Angel, Ernie Harris,

Jimmy Higdon, Stephen Meredith, Reginald Thomas, Mike Wilson, and Max Wise; Representatives Lynn Bechler, McKenzie Cantrell, Daniel Elliott, Al Gentry, Mark Hart, Dennis Horlander, Joni L. Jenkins, James Kay, Kim King, Russ A. Meyer, Jerry T. Miller, Rob Rothenburger, Dean Schamore, Walker Thomas, Russell Webber, and Addia Wuchner.

Guests: Bill Owen, President and CEO, Lexington Convention Center; Mary Quinn Ramer, President, Visit LEX; Officer Lyndi Trischler, Florence Police Department; Kate Miller, Advocacy Director, ACLU of Kentucky; Elizabeth Gedmark, Staff Attorney and Director of the Southern Office, A Better Balance; Katrina Thompson, State Director of Maternal Child Health, March of Dimes; Jason Hall, Executive Director, Catholic Conference of Kentucky; Jayne Hancock, CEO, Wrigley Media Group; and Misdee Wrigley Miller, President and Owner, Wrigley Media Group.

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

Approval of Minutes

A motion to approve the minutes of the September 21, 2018 meeting was made by Co-Chair Phillip Pratt, seconded by Representative Rob Rothenburger, and approved by voice vote.

Lexington Convention Center

Bill Owen, President and CEO of the Lexington Convention Center (LCC), detailed the upcoming \$300 million renovation and expansion of the Center and why it is necessary in order for it to continue competing with other convention and meeting destinations, explained how funding was obtained, and shared images of the designs. Visit LEX has done several economic impact studies over the years that eventually led to previous expansions. A 2011 study showed the Center had a \$42.1 million economic output but had the potential to have a \$57.3 million economic impact with renovations to ballroom, exhibition, and meeting spaces. The 2016 General Assembly increased the transient room tax and made a commitment of \$60 million to the project. In October 2018, LCC closed the \$210 million private bond placement portion of the funding and secured \$30 million in funding from the city of Lexington. A half percent of the transient room tax collected will now go back to the state as a return on investment. After the primary debt is paid in full, two and one-half percent will go back to the state, which Mr. Owen said is a unique repayment mechanism. He shared images of LCC from 1976, 1994, and 2002 after previous renovations, which were made possible by state funding. The upcoming renovations will include an additional 10,584 square feet of event space, 502 new covered parking spaces, and 57,615 square feet dedicated to hospitality. Mr. Owen described some of the renovation and expansion renderings and explained that the project will transform downtown Lexington.

Co-Chair Alice Forgy Kerr made comments regarding how LCC serves the Commonwealth in various ways and expressed her gratitude to the General Assembly for its continued support.

Visit LEX

Mary Quinn Ramer, President of Visit LEX, discussed how tourism has become a major

workforce development driver in the state, results of the expansion to the Lexington Convention Center, and other future Lexington projects. In 2017, the tourism industry had an economic impact of \$15 billion and affects every county in state. Around 25,000 people in Fayette County are employed in the tourism and hospitality industry. The industry is catching the attention of prestigious media outlets, as the *New York Times* and *Washington Post* have both recently published articles pertaining to tourism in Lexington. LCC is able to go after about 65 percent of national meeting business, but after the expansion it will be eligible for 90 percent. The level of business will also increase due to LCC being able to host meetings and conventions for the medical field. There is early interest for post expansion meetings and conventions, and there are pending bookings for 2022. The addition of Town Branch Commons and Park to the downtown Lexington area will aid LCC in its business. Recent openings of the James E. Pepper Distillery and the Castle and Key Distillery will add even more momentum to the bourbon industry in the state; Louisville will host the Breeders Cup 2018, with Lexington hosting in 2022; and after the completion of the City Center, Lexington will offer an additional 1,000 hotel rooms.

Kentucky Pregnant Workers' Rights Act

Officer Lyndi Trischler, Florence Police Department, Kate Miller, Advocacy Director of the ACLU of Kentucky, Elizabeth Gedmark, the Staff Attorney and Director of the Southern Office for A Better Balance, Katrina Thompson, the State Director of Maternal Child Health for the March of Dimes, and Jason Hall, the Executive Director of the Catholic Conference of Kentucky, discussed proposed legislation about pregnant workers' rights which originated from Officer Trischler's experience with her employer. The prefiled BR 51 would require employers to provide employees affected by pregnancy, childbirth, or related medical conditions "more frequent or longer breaks, time off to recover from childbirth, acquisition or modification of equipment, appropriate seating, temporary transfer to a less strenuous or less hazardous position, job restructuring, light duty, modified work schedule, and private space that is not a bathroom for expressing breast milk." During her pregnancy as a police officer with the Florence Police Department, Officer Trischler was instructed by her doctor to go on light duty for the remainder of her pregnancy but was informed she could not be accommodated by the City of Florence because of a county wide policy and would potentially lose her health benefits after she was put on unpaid leave. Officer Trischler contacted A Better Balance, a nonprofit advocacy and legal group, who filed a lawsuit on her behalf against the City of Florence.

Elizabeth Gedmark explained that A Better Balance is one of the leading experts on the issue of discrimination against pregnant women in need of reasonable accommodations that advocates for workers across the economic spectrum. The proposed legislation would provide clarity and reassurance to both employers and employees while filling the gaps of federal law. There is no explicit legal protection in Kentucky law to ensure women are given

reasonable accommodations during pregnancy if needed. Katrina Thompson added that the March of Dimes supports the bill because a lack of reasonable accommodations in the workplace can lead to health complications for expecting mothers and their babies. Jason Hall also indicated the strong support of the Catholic Conference of Kentucky. A woman should not be expected to subordinate her role as a mother to her role as an employee, and passing this workers' rights legislation would give women more room to balance family with work. One of the main reasons the Catholic Conference of Kentucky supports the Kentucky Pregnant Workers' Rights Act is because all of the data shows economic anxiety is a major factor leading women to consider abortion as a serious option. Kate Miller said that the legislation is not paid parental leave. The Kentucky's Pregnant Workers' Rights Act is intended to provide accommodations in the workplace, which is a benefit to not only to expecting mothers but to Kentucky business community as a whole.

Responding to Representative Addia Wuchner, Elizabeth Gedmark said it is difficult to find data on the number of cases where a pregnant woman was not granted reasonable accommodations because so many women are fearful to request those accommodations and due to the laws being unclear.

Answering a question from Representative Rob Rothenburger, Ms. Gedmark explained that when the bill refers to "time off to recover from childbirth," it is referring to the actual physical time it takes a woman to recover after giving birth. She gave the example of a woman who contacted her employer from the hospital after giving birth and was terminated over the phone. The bill is not suggesting paid time off from work for this period of time. A section of the bill addresses the duration of the requested accommodation and modified duties.

Replying to Representative Russell Webber who requested clarification of line 26 and 27 on page five of the legislation that reads, "The employer and employee shall engage in a timely, good faith, and interactive process to determine effective reasonable accommodation," Ms. Gedmark said that the wording comes directly from disability law and the time frame and manner would be at the discretion of the employer and employee.

Senator Stephen Meredith expressed his concerns about the Kentucky Chamber of Commerce not taking a position on the bill. He also stated that due to time constraints of the 2019 Regular Session, which is a short session, the General Assembly may not be able to take up the bill. Legislation and policy such as this is morally sound and good for business, and groups like the Kentucky Chamber of Commerce encouraging employers to accommodate pregnant workers could be more expedient. Kate Miller said that the Kentucky Chamber of Commerce has provided helpful feedback.

Wrigley Media Group

Jayne Hancock, CEO of Wrigley Media Group, and Misdee Wrigley Miller, President and Owner of Wrigley Media Group, testified that their company can have a significant economic impact on the state through the film, video, and media industry. Ms. Miller showed a video highlighting what the company

does and how she thinks a partnership with the General Assembly can make video content production a competitive choice and reality for Kentucky. Ms. Hancock said that content is so vast today compared to the past and is not only for television. There are options such as Netflix, YouTube, Hulu, Amazon Video, and others. Wrigley Media Group is shooting a weekly show in Georgia once a week and comes back to their location in Lexington to do editing. That edited media content is then distributed to 10 different channels such as the ones previous listed and others such as Facebook and Instagram. The process is a transformation of technology compared to the process of the past. Other states are recognizing the potential economic impact opportunity. For example, New Mexico recently created a partnership with Netflix through a \$10 million investment from the state of New Mexico and \$5 million from the City of Albuquerque. The Netflix production hub will now be located in New Mexico and will generate an estimated \$1 billion over the next decade. As the content world changes, Wrigley Media Group sees the opportunity for growth. New technology, facilities, services, and staff have been added to improve competitiveness. The company has new media storage capabilities and has the largest rentable space in terms of the studio in the region. The staff and talent has grown from 12 to 32 and brings in others on a regular basis for shooting, editing, and production. Ms. Hancock says the company has attained experienced executives from other states to come to Lexington to grow the business with their expertise. Wrigley Media Group does have an internship program and would like to create a retraining program for those who have either been unemployed or those who need new jobs in a new industry. A competitive environment is needed to recruit employees and businesses to Kentucky though.

The company has acquired a 24,000 square foot space that they plan to transform to double its production and studio space, however, they need to be sure that the climate is stable and incentives are available. Ms. Hancock showed a video illustrating what Wrigley Media Group has planned for its new space. Ms. Miller said that Kentucky's goals should include providing enticement and incentives for the production of content in Kentucky that includes film, television, and commercials; forming a workforce that will support the production; and creating the accommodating studio space such as the one shown in the video. From 2009 to 2015 with a 20 percent incentive, 22 projects were approved which generated \$18.9 million at a cost of \$4.2 million the state. From the 196 approved project from 2016 to the time of the suspension of the program with a 30 to 35 percent incentive, \$31.9 million was generated at a cost of \$9.4 million to the state. Ms. Miller said the higher incentive was competitive and successful.

Due to the studio and production capabilities of Wrigley Media Group, Sinclair Broadcast Group wanted to bring three studio based television shows to Kentucky over the next eight years. Sinclair Broadcast Group has 191 television stations across the country that represents 601 channels in 89 U.S. markets. The Wrigley-Sinclair opportunity had a projected revenue of \$210 million over eight years and would have

created over 200 new jobs. Sinclair Broadcast Group was prepared to invest in additional infrastructure, facilities, studios, resources, and talent. Once the company learned that Kentucky would not be able to commit to a tax incentive, it decided to take its business to another state. Ms. Miller explained that companies need the confidence that Kentucky can offer a stable and supported incentive program. Ms. Hancock added that a competitive tax incentive should include an incentive amount of at least 30 percent, a refundable amount for qualified expenses which are transferable, a four to six month allotted period to start production once approved, 14 to 18 months to finish the project, renewals for long term and repeating projects, and a \$100 million annual cap on refunds.

Responding to Representative Russell Webber, Ms. Hancock said that the types of jobs that the company could create include carpenters, set builders, engineering, legal aid, lighting technicians, makeup artists, sound technicians, editors, and many more. At least 50 to 60 different jobs would be needed to support a television show or produce content. There are other jobs that could be supported outside the core infrastructure such as those in the hospitality industry. Ms. Miller said a vast majority of the core production jobs do not require a specific degree and that the people could easily be trained.

Addressing Co-Chair Phillip Pratt, Ms. Hancock said that shooting on film is rarely done anymore. Video content encompasses a lot of different things due to technological advancements.

Replying to Senator Mike Wilson, Ms. Hancock said that it can be difficult to compare the incentive programs of various states because of the different tax bases and nuances, however, the incentives are not the only thing that attracts business. Georgia is a state that has a successful incentive program and has developed the proper infrastructure. Media and film has become a \$7 billion industry for Georgia. Other states competitor states include New Mexico, Connecticut, New York, and Louisiana. The proper tax incentive program would require all interested parties to collaborate and formulate a plan that is best for the state. Ms. Hancock said that the plans that are initially approved by each state may not be the final production that is produced. Managing that liability has to be discussed also, along with other issues such as renewing content over time.

Answering a question from Senator Stephen Meredith, Ms. Hancock explained transferable credits are needed because there should not be a credit against a company's tax liability. Georgia has transferable credits and can be sold for 80 to 82 percent on the dollar.

Responding to Co-Chair Alice Forgy Kerr, Ms. Miller said the traction time for the incentive program is about two years once the tax credit program is restarted.

Addressing Representative Jerry Miller, Ms. Hancock stated that the Tourism, Arts, and Heritage Cabinet would be able to give a full breakdown of the cost to the state for the film incentive program after Representative Miller referred to statistics given during the presentation. Qualified expenses are ones that were previously set by legislation. Wrigley

Media Group is willing to present to the Cabinet for Economic Development Cabinet and other interested parties.

Replying to Co-Chair Alice Forgy Kerr, Ms. Miller explained that she initially moved to Kentucky for the horse industry but has decided to get involved with the media industry due to her upbringing and educational background, which makes acquiring Wrigley Media Group very important to her.

Responding to statements made by Representative Addia Wuchner, Ms. Miller said that Wrigley Media Group is aware of Asbury University film and media programs. Ms. Hancock added that the company have been working with the School of Communications at the University of Kentucky, and there are four individuals employed with Wrigley Media Group that are graduates of Asbury University.

Addressing Representative Kim King, Ms. Hancock did not have cost of living statistics on hand but is aware of the types of salaries needed to be competitive with other states. Kentucky can compete with other states when it comes to cost of living. Cost of production is less in the Commonwealth.

Replying to Senator Reginald Thomas, Ms. Hancock stated that the infrastructure needed has to have business systemic support, competitive studio space, state of the art equipment, and up to date inventory systems, just to name a few of the infrastructure elements.

There being no further business, the meeting was adjourned at 12:21 p.m.

INTERIM JOINT COMMITTEE ON TOURISM, SMALL BUSINESS, AND INFORMATION TECHNOLOGY

Minutes of the 5th Meeting of the 2018 Interim

October 19, 2018

Call to Order and Roll Call

The 5th meeting of the Interim Joint Committee on Tourism, Small Business, and Information Technology was held on Friday, October 19, 2018, at 1:00 PM, in Room 154 of the Capitol Annex. Representative Tommy Turner, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Alice Forgy Kerr, Co-Chair; Representatives Tommy Turner, Co-Chair; Senators Perry B. Clark, Rick Girdler, Denise Harper Angel, Ernie Harris, Stephen Meredith, Reginald Thomas, and Mike Wilson; Representatives Linda Belcher, John Blanton, Larry Brown, John Carney, Jeffery Donohue, Chris Fugate, Robert Goforth, Jim Gooch Jr., David Hale, Angie Hatton, Richard Heath, Kim King, Michael Meredith, Russ A. Meyer, Charles Miller, Brandon Reed, John Sims Jr, and Kevin Sinnette.

Guests: Don Parkinson, Secretary, Tourism, Arts and Heritage Cabinet; Regina

Stivers, Deputy Secretary, Tourism, Arts and Heritage Cabinet; Donnie Holland, Parks Commissioner, Department of Parks; Stacey Church, General Manager, Kentucky International Convention Center; Frank Jemley, Acting Commissioner, Kentucky Department of Fish & Wildlife Resources; C. Tom Bennett, Kentucky Civil

War Sites Association; Adam Gillenwater, American Battlefield Trust; Joni House, Kentucky Civil War Sites Association President and Manager of Perryville Battlefield State Historic Site.

LRC Staff: Andrew Manno, Chip Smith, Candice Smith, and Emma Mills.

Approval of Minutes

Representative Donohue made a motion to approve the minutes of the August 16th, 2018 meeting of the Interim Joint Committee on Tourism, Small Business and Information Technology, seconded by Representative King. The motion passed by voice vote.

Representative Reed made a motion to approve the minutes of the September 20th, 2018 meeting of the Interim Joint Committee on Tourism, Small Business and Information Technology, seconded by Representative Donohue. The motion passed by voice vote.

Update from the Tourism, Arts, and Heritage Cabinet

Department of Parks:

The Secretary Don Parkinson of the Tourism, Arts, and Heritage Cabinet thanked the committee for providing the opportunity to update legislators on current cabinet projects. Secretary Parkinson also thanked the legislators for providing \$38 million in funding over the last two budget cycles and introduced the new chairman of Kentucky Department of Fish & Wildlife Resources Commission, Rich Storm.

Donnie Holland, Parks Commissioner, Department of Parks, testified about Kentucky State Parks. The parks employ 780 people, with employment numbers reaching around 1,500 during summer months. In addition, Kentucky State Parks topped a \$1 billion economic impact on the state for the first time last year, increasing from \$840 million in 2013. While room sales have increased over the last few years, there is still a significant deferred maintenance cost for the department. To address this problem, the Department of Parks has been partnering with some local communities to help with the maintenance of some smaller parks or facilities. Partnering with local communities is not a new practice for the department. Local governments are better suited to remedy some of the problems with local parks. Commissioner Holland provided the examples of Constitution Square Historic Site in Danville, Ben Hawes State Park in Owensboro, the amphitheater at Jenny Wylie State Park, My Old Kentucky Home theatre and the Lake Malone marina. There are multiple communities interested in providing support for state parks or facilities for the betterment of the community.

Commissioner Holland said that the parks will have an altered winter schedule this year. The new schedule is an attempt to avoid some of the financial losses to the park system that were incurred last winter. Commissioner Holland pointed to some particularly harsh weather last year that forced the parks to re-evaluate their winter schedules. Parks will reopen if a large group or party is interested in using the facilities. Full time employees will remain on the job to attend to upkeep. Camping will be available throughout the winter.

In response to questions from Representative King, Jean Bird, Executive Assistant for the cabinet,

discussed the difference between transferring the deed of a state park to a local community versus the leasing of a park or park facilities to local communities. Some communities are not prepared to take on the long term commitment of a deed to a park. To address an additional question from Representative King, Commissioner Holland acknowledged that the Department of Parks provides accommodations to people evacuated from coastal areas due to recent hurricanes.

Responding to a question from Representative Donohue, Commissioner Holland said that room sales have increased due to the cabinet's partnership with Expedia, which resulted in almost a seven percent increase in sales. In addition, funds allocated to the cabinet from the legislature for needed maintenance on the parks and a change in the quality of the food at the parks has had a positive impact on the image of the park system.

Responding to a question from Representative Blanton, Commissioner Holland discussed the Dawkins Trail project, which the cabinet is working on with the Transportation Cabinet. There are some issues that continue with flooding and wash-outs of the trail. Further decisions regarding the trail are pending a Transportation Cabinet study regarding usage of the trail.

Answering an additional question from Representative Blanton about why local communities can make repairs or improvements to parks or facilities for less cost than the state, Commissioner Holland said it may be due to the cautious nature of state procurement rules. There are a lot of steps for state agencies to go through in order to procure services and goods, whereas city or county governments have fewer steps to go through to get projects completed.

In response to a question from Representative Goforth, Commissioner Holland indicated there is no list of parks or facilities intending to be turned over to local governments. The transfer or lease of a state park to a local government typically at the request of individual cities or county entities who are interested in the park or facility for a specific reason. Commissioner Holland gave the example of the stage at My Old Kentucky Home State Park, which was leased to the county for county use, but the park deed itself still resides with the Department of Parks. Parks that are turned over to a city will receive no additional maintenance funding from the state once the transfer is complete. As far as protecting parks transferred to local entities from being developed for other uses, Ms. Bird said historic preservation and conservation easements on the properties will have conditions in the transferring documents that require that the properties be run as parks, otherwise they will automatically revert back to the state.

Representative Larry Brown conveyed his appreciation for Tourism, Arts, and Heritage Cabinet for working with the city of Prestonsburg to allow for the reconstruction of the amphitheater and swimming pool area at Jenny Wiley State Park.

Responding to a question from Senator Meredith, Commissioner Holland said the Department of Parks is about \$3 million ahead of where it was last year, though room sales are down a bit. The long-term strategic plan is to get to the point where the state

can maintain and manage the state parks with professionals in the hotel industry to keep costs under control. Secretary Parkinson noted the park system has \$242 million in deferred maintenance on the park system and said it would take a huge investment into the parks if the state wants to be competitive in the hotel industry.

Senator Harper-Angel urged the committee to consider allocating funds for the park system from revenue generated by legalized gaming if the General Assembly were to legalize gaming in the future.

In response to a question from Senator Kerr, Commissioner Holland discussed in depth about local community's support in rebuilding the dock at Lake Malone. The dock began to disintegrate during the winter of 2015, was beyond additional maintenance and had to be condemned by the state. The Department of Parks did not have the funds to replace the dock, so The Friends of Lake Malone State Park partnered with the Kentucky State Parks Foundation and the Felix Martin Foundation to donate the funds needed to replace the dock.

Responding to a question from Representative Carney regarding Green River State Park, Commissioner Holland confirmed the campground sites that had been renovated are still being well utilized throughout the winter months.

Representative Fugate expressed his appreciation for the Department of Parks working to develop tourism in Eastern Kentucky and for the effort put into Kingdom Come State Park and Buckhorn State Park in his district.

In response to a question from Senator Meredith regarding Public/Private Partnerships, Commissioner Holland acknowledged that Public/Private Partnerships would be a viable alternative for revenue. While the Department of Parks has received unsolicited offers from private entities, the minimum terms of any such agreement would protect the integrity of the park. The department would never give title on a park over to a private partner. The department has not had the opportunity to enter into that type of partnership.

Kentucky International Convention Center

Stacey Church, General Manager of the Kentucky International Convention Center, talked about updates to the Kentucky International Convention center. The center was expanded to a 200,000 square foot exhibit hall. Ms. Church believes this expansion has allowed for larger, higher quality business coming to the center. The expansion also allowed for a larger ballroom and 52 renovated meeting rooms. The convention center is also pursuing a silver LEED Certification to show the center embarked on several green initiatives in order to operate the building as efficiently as possible.

The Convention Center reopened on August 6th, 2018, with its first group of 3,000 attendees coming to the center August 7th. For the fiscal year, Ms. Church says the center is on pace to meet their target of 100 events and the center is on budget to net almost \$2,000,000.

Responding to a question from Representative Carney, Ms. Church talked about some of the security measures in the center, such as 24 hour security, cameras throughout the facility, and strict adherence

to building hours. The center also provides individual risk assessments specific to each show utilizing the space.

Representative King commented on her experience in the renovated convention center and how impressed she was with the renovations and the technology now available to the groups using the convention center.

In response to a question from Senator Thomas, Ms. Church detailed the size and layout of the Convention Center. The center is almost 1,000,000 square feet, 52 meeting rooms, a 40,000 square foot ballroom divisible into five rooms, 200,000 square feet of exhibit hall space and three individual boardrooms.

Kentucky Department of Fish and Wildlife Resources

Acting Commissioner Frank Jemley discussed recent changes to the department and introduced Rich Storm, recently named Chairman of Kentucky Department of Fish and Wildlife Resources Commission. Mr. Storm encouraged committee members to feel free to reach out if issues arise.

Mr. Jemley talked about a new initiative in the department, which is to conduct a top to bottom review of the agency in order to build a new strategic plan. The department wants to insure Kentucky Department of Fish and Wildlife Resources Commission continues to be a world class wildlife management and conservation agency that Kentuckians deserve. The goal is to be open, responsive and accountable to Kentuckians. This will be the first strategic plan review in six years for the department. Commissioner Jemley believes the review will be complete in January. Chairman Turner thanked Commissioner Jemley for his hard work.

Responding to a question from Representative King, Commissioner Jemley said the review will be open to the public. Commissioner Jemley said there will be a schedule forthcoming that he will share with the committee once it is available. Commissioner Jemley also confirmed that the state subsidy for Asian Carp fisherman is \$0.05 per pound.

In response to a question from Representative Meredith regarding grading standards for Asian Carp processors, Commissioner Jemley indicated that the department hopes the market will solve the problem of fish processors accepting only certain sizes of Asian Carp from commercial fisherman. Governor Bevin announced a contract last week for the building of the first fish house, which the department hopes will establish a market in Kentucky for Asian Carp. The fish house will conduct an online daily auction to an international audience for catches brought in by the commercial fisherman. The fish house will also be obligated to provide transportation. In addition, the Department of Fish and Wildlife is providing free ice to fisherman to preserve their catch until they can get to a processor that will take the catch. The new fish house is also a Public/Private Partnership and is the only fish house between Louisiana and Canada.

Kentucky Civil War Sites

Tom Bennett of the American Battlefield Trust and Kentucky Civil War Sites Association, introduced Joni House, Kentucky Civil War Sites Association President and Manager of Perryville Battlefield State Historic Site. Ms. House discussed Kentucky military

history sites. In 2016, the Kentucky Civil War Sites Association applied for a grant from the American Battlefield Protection Program, a federal program charged with preserving national battlefields. As part of the grant application, the Kentucky Civil War Sites Association conducted a survey of tourism to Kentucky's battlefields to establish the usage of current battlefield sites. Out-of-state tourists spent \$7.1 million at Kentucky battlefields. Visitors responding to the survey indicated they would spend about \$10 million within battlefield communities. The battlefield sites generated \$1.1 million in local and state tax revenue from out-of-state visitors. Visitors to the sites came from 43 states and 5 different countries within the six week period of the survey. Ms. House advocated for the continued stewardship and preservation of Kentucky's battlefield sites.

Adam Gillenwater, with the American Battlefield Trust, discussed the mission of the American Battlefield Trust. It is the nation's largest non-profit battlefield preservation organization. The trust focuses on three things: land preservation, public education about the conflicts, and advocating for battlefields. Kentucky has eleven Civil War battlefields and seven Revolutionary War battlefields recognized by the federal government. The trust has successfully advocated for 2,500 acres and five battlefields in Kentucky.

The American Battlefield Trust has established a five step process for determining land worth preserving, the first step of which is to determine if a parcel of land lies on a historically important battlefield. Congress commissioned reports as part of the American Battlefield Protection Program ranking Civil War, Revolutionary War, and War of 1812 battlefields by their preservation priority and historic significance. This program also gives grants for the acquisition of land and easements on identified battlefield sites. The trust utilizes the federal grants to acquire and preserve historically significant battlefields.

The next step for the American Battlefield Trust is to create a core study and troop movement maps. These maps focus on core location of a battle along with troop movements in and around the battlefield based on historic accounts.

The trust works to develop long standing relationships with landowners whose property overlaps with known battlefields. The trust does not use eminent domain laws to acquire land for preservation; all land is sold willingly to the organization. If it is not possible to acquire land, the trust establishes preservation easements to prevent future development on the land.

About half the funding for the American Battlefield Trust land acquisition comes from private sector donations. The rest of the funding comes from public sources, both state and federal, and other partner organizations, such as the Kentucky Heritage Land Conservation Fund.

The final step in the process is land disposition. The trust's main mission is land preservation, not necessarily land management. When the American Battlefield Trust acquires a parcel of land, the trust determines a responsible third party steward to maintain the property and opens it to the public.

Mr. Gillenwater discussed two of the main benefits of preserving battlefield land, which are educating future generations and preserving hallowed ground around the country. The trust has implemented several educational programs to engage people in the history of a battlefield, including Battle Apps, downloadable interactive programs designed for numerous battlefields. The trust also has travel itineraries available for download from their website. In addition, these battlefields also serve as military training locations. Military instructors go to battlefield sites to study the tactics utilized based on the lay of the land.

Mr. Gillenwater emphasized the importance of preserving these battlefield sites and moving quickly to preserve them. Battlefield land is being threatened by increased population growth and development, but also housing and land prices are rising, making it more expensive to preserve the land. Out of 67,000 acres identified as battlefield land in Kentucky, only a quarter of the land would retain enough integrity to be listed on the National Register of Historic Places. Mr. Gillenwater showed slides of the trusts' work on four battlefields: Mumfordsville Battlefield, Richmond Battlefield, Mill Springs Battlefield, and Perryville Battlefield. The trust still owns portions of these battlefields, which it would like to eventually transfer to the Commonwealth of Kentucky.

Mr. Gillenwater discussed other state preservation funds, such as the Virginia Battlefield Preservation Fund and the Tennessee Civil War or War Between the States Site Preservation Fund, and the impact they have had on their respective battlefields.

Senator Girdler commented on how Mill Springs and Perryville Battlefields is a great draw to his district and declared his support for Ms. House and preserving Kentucky's battlefields.

In response to a question from Senator Meredith regarding the recent controversy over Civil War statues, Mr. Gillenwater indicated the American Battlefield Trust had been approached in the past about relocating statues to preserved battlefields, but as of yet the trust has had to decline the offers due to their sole mission being on land preservations. In many of the easement grant funds the trust receives from the federal government, there are restrictions preventing any kind of development, even including a base on which to place a statue or monument. He also noted to great expense of moving the statues in question. But the trust does remain a resource for communities having to grapple with these issues. Joni House noted that several organizations partnering with Perryville and other state battleground sites may be open to receiving Civil War statues or monuments, but money is always an issue.

Responding to a question from Representative Goforth regarding the preservation of Camp Wildcat in his district, Mr. Bennett confirmed he had been in contact with someone regarding the situation.

In response to a question from Representative Blanton, Mr. Gillenwater indicated the trust has an education department that can aid in the genealogical research of descendants looking for information about important figures in American military history.

Upcoming Committee Meetings

The next meeting of the committee will be

November 15th in Room 154 of the Capitol Annex at 1:45 p.m. There will be a tour of Commonwealth Office of Technology at 1:00 p.m.

There being no further business, the meeting was adjourned at 3:01 p.m.

CHILD WELFARE OVERSIGHT AND ADVISORY COMMITTEE Minutes

October 15, 2018

Call to Order and Roll Call

The Child Welfare Oversight and Advisory Committee meeting was held on Monday, October 15, 2018, at 1:00 p.m., in Room 129 of the Capitol Annex. Representative David Meade, Co-Chair, called the meeting to order at 1:06 p.m., and the secretary called the roll.

Present were:

Members: Senator Julie Raque Adams, Co-Chair; Representative David Meade, Co-Chair; Senators Tom Buford, Denise Harper Angel, Reginald Thomas, and Whitney Westerfield; Representatives Lynn Bechler, Angie Hatton, Joni L. Jenkins, and Suzanne Miles.

Guest Legislators: Representatives Kevin Bratcher, Kim Moser, and Addia Wuchner.

Guests: Susan Robison, Director State Relations, Public Policy, Casey Family Programs; Tara Hagerty, Chief Judge, Jefferson County Family Court; Shannon Moody, Policy Director, Kentucky Youth Advocates; Eric T. Clark, Commissioner, and Elizabeth Caywood, Deputy Commissioner, Department for Community Based Services, Cabinet for Health and Family Services; Jessica Brown, Assistant Director, Division of Protection and Permanency, Department for Community Based Services, Cabinet for Health and Family Services; Randall Wallbaum, Intern, Kentucky Youth Advocates; and Dale Suttles, Sunrise Children's Services.

LRC Staff: Ben Payne, Gina Rigsby, and Dana Simmons.

Approval of Minutes

A motion to approve the September 17, 2018 minutes was made by Senator Westerfield, seconded by Senator Raque Adams, and approved by voice vote.

Federal Family First Prevention Services Act – A National Level Perspective

Susan Robison, Director State Relations, Public Policy, Casey Family Programs, stated that Casey Family Programs (CFP) is the nation's largest operating foundation focused on safely reducing the need for foster care and building communities of hope for children and families. CFP operates seven field offices serving all 50 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands, and has direct agreements with 16 tribes. Its headquarters is located in Seattle Washington and policy staff are also located in Washington DC.

After years of decline, the number of children in foster care has steadily risen in recent years and continues to grow. Data from the 2016 Adoption and Foster Care Analysis Reporting System (AFCARS) indicates 60 percent of children enter foster care due to neglect and 35 percent due to parental substance abuse. All states are struggling with parental substance abuse. Among children who exited foster care, 51

percent were reunited with their families. Children grow up in safe, stable families when timely services are provided at the time of reunification.

Statistics show that 44.1 percent of children who have been in foster care have had a substance abuse or dependence, 48 percent have a high school diploma, 46.9 percent are currently employed, 37.7 percent have been homeless since leaving foster care, 58.3 percent have given birth to or fathered a child, and 68 percent of males and 40.5 percent of females have been arrested since leaving foster care according to the Casey Family Programs Foster Youth Alumni Study. The goal in child welfare should be to ensure the safety, permanency, and well-being of children and their families. The act of removing children from their families and homes creates emotional distress and trauma that should be avoided whenever possible.

The Family First Prevention Services Act (FFPSA) (P.L. 115-123) was passed and signed into law on February 9, 2018 as part of a bipartisan budget act. The FFPSA will allow states and tribes to claim Title IV-E funds for prevention activities as early as October 1, 2019. New funding and reauthorization of existing funds for child welfare programs include prevention funding, court funding, and specific substance abuse prevention grant funds. In the past federal child welfare dollars focused only on the child for foster care. The FFPSA funds allow prevention services for the child, the parent, and the kinship caregiver. New Title IV-E funds allows federal payments for foster care and prevention and permanency.

FFPSA allows states to receive open-ended entitlement (Title IV-E) funding for evidence based prevention services for children at imminent risk of placement in foster care, pregnant and parenting youth in foster care, and parents or kinship caregivers. There is no income test for eligibility. Services are funded for mental health prevention and treatment services provided by a qualified clinician for up to 12 months, substance abuse prevention and treatment services provided by a qualified clinician for up to 12 months, and in-home parent skill-based programs that include parenting skills training, parent education and individual and family counseling for up to 12 months. There is no limit on how many times a child and family can receive prevention services within the 12 months.

New funding for prevention activities requires prevention services and programs to be promising, supported, or well-supported, to qualify for reimbursement. States are required to submit a prevention and services program plan as part of the state's Title IV-E plan. Reimbursement rates for prevention activities begin October 1, 2019 through September 30, 2026 at 50 percent of the federal financial participation (FFP). Beginning October 1, 2026, the FFP is the state's FMAP (Medicaid) rate. At least 50 percent of the spending in every fiscal year must be for well-supported practices. States that choose to administer a prevention program also may claim Title IV-E reimbursement of 50 percent each for administrative costs and training costs. New federal funds for prevention services are intended to augment, not supplant, state funding for prevention services. The maintenance of effort (MOE) will be set at fiscal year 2014 spending for these same prevention

services for candidates for foster care. Some examples of a candidate for foster care are when an adopted child is at risk of entering or re-entering foster care, when a child in a formal or informal kinship placement is at imminent risk of entering or re-entering foster care, when a child is living with his or her parents and is deemed as being at imminent risk of entering foster care, but a relative caregiver could become the guardian if provided prevention services, a young child was deemed a candidate for care and his or her caregiver received services under this bill and later the child was again deemed at imminent risk of entry later in life, and a child living with his or her parents is deemed as being at imminent risk of entering foster care, but can remain safely at home through the provision of prevention services.

The following placement options are already allowed under current Title IV-E and will continue under the FFPSA: facilities for pregnant and parenting youth, supervised independent living for youth 18 years and older, specialized placements for youth who are victims of or at risk of becoming victims of sex trafficking, and foster family homes. Beginning October 1, 2018, Title IV-E foster care maintenance payments can be made on behalf of a child in foster care placed with their parent in a licensed residential family-based treatment facility for up to 12 months. Beginning as early as October 1, 2019, after 2 weeks in care, Title IV-E federal support will be available for foster care maintenance payments for eligible youth placed in a Qualified Residential Treatment Program (QRTP). There are no time limits on how long a child can be placed in a QRTP and receive federal support as long as the placement continues to meet his or her needs as determined by assessment. States have the option to delay this provision until September 29, 2021. However, delays in implementation of these provisions requires a delay in prevention provisions for the same period of time. To support state implementation of this provision, FFPSA provided \$8 million in FY 2018 for grants to states and tribes to support the recruitment and retention of high quality foster families.

Title IV-E support for evidence-based kinship navigator programs is provided at 50 percent beginning October 1, 2018. The HHS will be required to identify model foster parent licensing standards. By April 1, 2019, states have to identify the licensing standards they implement, and reason why a state's standards may differ from the model standards. The FFPSA requires the development of a statewide plan to track and prevent child abuse and neglect fatalities. As of October 1, 2018, states must document in its Title IV-B plan the steps being taken to track child maltreatment fatalities, including working with other relevant agencies and stakeholders and develop and implement a comprehensive, statewide plan to prevent the fatalities, including engagement of relevant public and private partners. It provides \$5 million in new grants to states to expand the development of the electronic system to expedite the interstate placement across state lines of children in foster care, guardianship, or adoption. The Adoption and Legal Guardianship Incentive Programs will be reauthorized through FY 2022. It delays the phase-in/expansion of the Adoption Assistance delink

for children under age 2 whose eligibility is tied to 1996 AFDC income test through June 30, 2024. It reauthorizes Title IV-B programs and services until FY 2021.

The FFY 2019 appropriations bill includes \$20 million in grants for states and tribes to continue to develop, improve and evaluate Kinship Navigator Programs in order to meet the evidence-based standard in the FFPSA. These grants were also included in the FFY 2018 appropriations bill, and the 2018 funds have already been distributed to the 48 states and 8 tribes that have applied. The FFY 2019 appropriations bill includes \$23.2 billion for Administration for Children and Families that funds Head Start, Child Care and Development Block Grant, Social Services Block Grant, Regional Partnership Grants, and Adoption and Guardianship Incentives. On July 9, 2018, HHS released a Program Instruction (PI) outlining how states must implement the new Title IV-E provisions. The PI outlines that states who wish to delay the QRTP provisions for up to two years must notify HHS by November 9, 2018. HHS has since clarified that this certification of intent to delay is non-binding.

In response to a question by Representative Jenkins, Ms. Robison stated that the legislation was very specific about evidence-based programs. The federal Children's Bureau missed the required deadline of October 1, 2018, to release guidance and a list of preapproved programs, and have now contracted with ADT Consulting to develop the list. There is a real shortage of evidence-based child welfare services especially in the well supported category that requires two randomized control studies and 12-month evidence of impact per child. Some states are looking at mental health and substance abuse treatment programs because traditionally there has been a lot more evidence, study, and evaluation programs provided by the healthcare system. It may be possible to meet the well-supported 50 percent with more of these programs that have the research while building the evidence for the child welfare in-home services. Casey Family Programs have reviewed some models for the in-home services that are evidence-based and would provide the information if requested by the committee. Many states have provided input to the Children's Bureau about the need for flexibility, and the verbal commitment from the Children's Bureau is they will provide as much flexibility as possible, but the legislation is very specific.

In response to a question by Representative Bratcher, Ms. Robison stated that it is up to state policy and policymakers to allow a child to stay in foster care, leave, and then come back if more supports are needed or they are not able to get positive outcomes without extending foster care. Representative Meade stated that a child can recommit to foster care up to the age of 21.

In response to questions by Representative Bechler, Ms. Robison stated that neglect and abuse, which often includes parental substance abuse, is defined differently from state to state based on how it is defined in statute as well as agency policy. She suggested the Cabinet for Health and Family Services provide regional statistics and data that include the reasons a child enters care and trends to help get a

better understanding of what is going on in Kentucky. The federal Administration for Children and Families funded a study in 2017 of 200 informants in 20 communities that concluded that there is a connection with parental substance abuse and increase in child welfare cases and showed it was concentrated more in certain communities more than others and the type of substance abuse was different. There was an impact on families and the safety of children with high rates of substance abuse. Rigorously evaluated intensive family preservation services have been around for 20 years that allow a worker to provide help to a very small number of children in a family's home depending on successful substance or mental health treatment by the parent. States are responsible for submitting data and reimbursement claims for children in state custody to the federal government. States have agreed to share data with the Casey Family Programs who analyze the data, issue reports, and provide feedback to states about how a state is doing compared to other states.

In response to a question by Representative Miles, Ms. Robison stated that the funding in the FFPSA is limited to the placement services, so the QRTPs would be for children with significant clinical needs. The FFPSA does not address Job Corps or employment, but it makes some changes to the independent living program that might be related in terms of using John F. Chafee Foster Care Independence Program funding for employment services for children who age out of foster care.

In response to a question by Representative Meade, Ms. Robison stated that she would provide national information on how many children re-enter foster care after being reunited with a parent. The FFPSA funding could be used not only to prevent a child from entering foster care but to prevent a child's re-entry into the foster care system.

In response to questions by Senator Thomas, Ms. Robison stated that when the FFPSA is implemented, states will have to define imminent risk. The opportunity is to use the FFPSA funding for children who are at imminent risk but can stay with the family if provided appropriate services. Home visiting programs have been shown to be effective in preventing child abuse and neglect. Senator Thomas encouraged the Casey Family Programs to look at Kentucky's Health Access Nurturing Development Services (HANDS) program, because it is a model that has proven to be very effective in helping children and families.

Federal Family First Prevention Services Act – A State Level Perspective

Shannon Moody, Policy Director, Kentucky Youth Advocates, stated that to keep children safe, Kentucky needs a child welfare system that can thoroughly investigate suspected abuse. If a child has experienced abuse or neglect, family is truly the best medicine to help those children thrive. Sometimes what a child needs most is for their parents to get help. Family preservation services are short-term and help parents overcome challenges, such as substance abuse, while keeping children safe and healthy within the home. When a child cannot safely remain with their parents, relatives or close family friends can provide a vital,

loving safety net. Placing children with adults that already know and care for them can help lessen the trauma of being removed from their homes. When kinship care is not available, well-trained foster parents can provide safe and nurturing family settings. Some foster families adopt, while others care for a child until they return to their parents or until other adoptive parents are found. Kentucky's rate of substantiations of child abuse and neglect is double the rate of the United States. According to the United States Department of Health and Human Services' 2016 Child Maltreatment report, Kentucky has the second highest rate of maltreatment. Substance abuse, family violence, mental health issues, economic insecurity, and lack of knowledge of child development make it even harder for Kentucky families.

The Kentucky Sobriety Treatment and Recovery Team (START) includes addiction services, family preservation, community partnerships, and best practices in child welfare and substance abuse treatment. Kentucky Strengthening Ties and Empowering Parents (KSTEP) is a voluntary in-home services program that is an expansion of in-home services currently offered in the state. KSTEP seeks to enhance provider capacity and family access to in-home services that address the needs of parents of children under 10 years who have identified risk factors of substance abuse. Most children who receive family preservation services can remain safely in their homes. Delayed implementation of the FFPSA will cause Kentucky to miss out on some flexible funding. Family preservation programs evaluated in Kentucky have shown that a savings of \$2.85 in avoided out-of-home care costs for every \$1 spent on family preservation services. The average cost of a program is approximately \$6,000 per family, and the average cost of out-of-home care for a year for a child is approximately \$30,000 based on the \$82.25 daily per diem.

House Bill 1 allowed for the creation of supports for Kinship Care providers, and funding was included in the 2018-2020 biennial budget for a new Kinship Care program. Kentucky currently has the highest rate of children in Kinship Care. Approximately 96,000 Kentucky children are being raised by a relative, of this total, there are almost 15,000 children in Kinship Care due to intervention within a prevention plan by the Department for Community Based Services (DCBS). There are 1,327 children in relative foster care. Utilizing Title IV-E reimbursement for up to 50 percent of expenditures on Kinship Navigator Program would help Kinship Caregivers find and use program and services to meet their needs in order to help successfully help raise the child.

According to 2016 KIDS COURT Data Center, Kentucky has the sixth highest percentage of children in foster care placed in a residential setting among states. Identifying ways to recruit and retain foster parents will help to ensure Kentucky that there are appropriate number of homes for children to prevent them from having to be placed in placements such as a residential treatment facility. No child can remain for more than 2 weeks in a child care institution that is not a qualified residential treatment programs (QRTP), a setting specializing in providing prenatal, post-partum, or parenting supports for youth, a

supervised independent living program for youth 18 and older, or a high quality residential care and supportive services program for youth who have been or are at risk of becoming sex trafficking victims.

When the FFPSA was passed, the reauthorization of the Adoption and Legal Guardian Incentive Payment program was extended to 2021. The October 2018 CHFS Foster Care FACTS reports that 2,683 children have a goal of adoption, 5,433 children have a goal of reunification, and 7 children have a goal of emancipation. The average age of entry into foster care is 7 years with an average of 21 months in care. The average cost per day for the 7,855 children with per diem payments is \$82.25. In SFY 2018, 601 youth 18 years of age or older transition out of the child welfare system. These youth become vulnerable to mental health and substance abuse issues and end up being homeless or unemployed. The Fostering Success program helps create opportunities for work and mentorship for these youth. Kentucky can also extend foster care services up to the age of 23 years for these youth. The FFPSA extends supports and services to former foster care youth under the John F. Chafee Foster Care Independence Program from age 21 to age 23, extends Education and Training vouchers from age 23 to age 26, and HHS must submit a report on the National Youth in Transition Database (NYTD) tracking outcomes of youth who exited care by October 1, 2019.

Tara Hagerty, Chief Judge, Jefferson County Family Court, stated that she is one of ten family court judges in Jefferson who hear dependency, neglect, and abuse, paternity, domestic violence, and divorce and custody cases. Cases can involve mental health issues, domestic violence, medical, environment, and education neglect, and severe abuse. Judges try to focus on the issue of safety when deciding whether to remove a child from a home. Most child and adult mental health providers do a trauma inventory when care begins that includes how many traumatic events a person has experienced whether firsthand experience or witnessing an event. Being removed from a home is considered a traumatic event when someone is being assessed. The more traumatic events someone experiences, the less likely someone is to succeed in life educationally, professionally, emotionally, and personally. Children are removed from a home only when it is necessary due to safety. Most cases seen in court now overwhelmingly involve substance abuse.

The National Council of Jewish Women, CHFS, the Casey Family Foundation, and Kentucky Youth Advocates is partnering with Jefferson County to start a new pilot evidence-based program in Jefferson County with a Recovery Court to deal with substance abuse under the dependency docket. Currently it is funded solely with private funds raised by the National Council of Jewish Women. The Council wants to expand the program to Northern and Eastern Kentucky based on needs in these areas of the state. Some of the wraparound services include substance abuse treatment, mental health treatment, vocational training once someone reaches sobriety, and some housing assistance. Centerstone as well as other treatment providers in Louisville to provide support groups for children and parents. Specific social workers from CHFS will be designated to work

with these families. Volunteers of America allows children to live with families who are dealing with substance abuse.

A lot of parents do not know the basics of raising a child, preparing a budget, housekeeping, or recognizing medical emergencies. In-home services are crucial to children remaining in the home safely. In-home assessments are more relative, valid, and helpful when observing strengths and weaknesses of parents and determining what services are needed. Some family members are willing to take care of a child, but often are financially unable to provide the necessary care. Interstate Compact on the Placement of Children (ICPC) assessment takes approximately 6 months, and without the ICPC, services from Kentucky do not follow a child. Fictive kin placement is very helpful when placing a child in a home with people they already know.

In response to questions by Senator Thomas, Ms. Moody stated that an 18-year old youth who transitions out of foster care has 12 months to come back and receive services from the cabinet until the age of 21. If a child is in foster care or out-of-home care at the age of 14, the cabinet starts preparing them with independent living skills until the age of 18. Judge Hagerty stated that children in foster care or out-of-home care have a guardian ad litem appointed to look out for the best interest of the child. If a child is committed to the cabinet, an annual review is conducted where the child comes to court with the guardian ad litem and caseworker to review the child's plan. The cabinet does an exit plan with the 18 year old to determine what is best for them.

In response to questions by Representative Moser, Judge Hagerty stated that the Kentucky statute has been changed to more specifically define de facto custodians and give them more leverage. If a grandparent is granted custody, they can make decisions about visitation based on what is in the best interest of the child. If a child goes through the dependency, neglect, and abuse system, the courts have strict guidelines about what is in the best interest of the child. If a child has been with a relative caregiver for six months, the courts start looking at permanent custody rather than leaving it as temporary custody.

Jessica Brown, Assistant Director, Division of Protection and Permanency, Department for Community Based Services, Cabinet for Health and Family Services, stated that the START program began in Kentucky in 2007, and the barriers have been funding and service provisions in rural versus urban areas. Each dyad within the START program has a social worker and a family mentor. The family mentor is someone who has gone through the child welfare system and as well as someone who is in recovery. The program funds the position and the family mentor is located within DCBS with the social worker to help work with families.

In response to questions by Representative Miles, Ms. Moody stated that at the peak of the Kinship Care Program there were 11,500 children, and the latest number available from October 2017 was 5,140 children. Eric Clark, Commissioner, Department for Community Based Services, Cabinet for Health and Family Services, stated that the budgeted \$1.8 million in this fiscal year and \$3.3 million in next fiscal year

were provided for the Kinship Care program. Relative placement supports were designed predominately for the DO vs Glisson cases. The U.S. Court of Appeals denied the cabinet's appeal in January 2017 and the U.S. Supreme Court denied the appeal in October 2017. The funds for the Kinship Care Program as well as the relative placement supports is being utilized to fund the DO vs Glisson case. Kentucky is seeking approval of Title IV-E funds to help pay for these cases because it was under IV-E law. Deputy Commissioner Caywood stated that in September 2018, \$1.5 million was paid for benefits for the DO vs Glisson cases, and if this trend continues, the state could experience an \$18 million fiscal impact. The number of benefit payments and the funding amount broken down by county will be provided to the committee. The cabinet is trying to provide a more robust service array for relative caregivers. The cabinet currently offers cash assistance under the Kentucky Transitional Assistance Program (KTAP), childcare assistance, and Medicaid for children. The department also has access to Kinship Navigator funding under the FFPSA.

In response to questions by Representative Meade, Deputy Commissioner Caywood stated that the \$18 million will be paid strictly for benefits nothing to defend the case. The funds will be used for fictive caregiver placement that was approved by DCBS that included a home evaluation or home study and background check and sometime during the child's removal, the cabinet had custody of the child. Funds will not be used when permanent custody was not established using the AOC-DNA 9 Permanent Custody form. Approximately 1,800 children have been approved under the DO vs Glisson ruling with 68 payments issued as of the end of September 2018. It does not include 1,100 children in relative fictive kin placements and in the state's custody right now showing up on the Foster Care FACTS sheets.

In response to a question by Representative Bratcher, Deputy Commissioner Caywood stated that she would get the information to the committee of the number of for-profit foster care providers.

There being no further business, the meeting was adjourned at 2:59 p.m.

INTERIM JOINT COMMITTEE ON HEALTH AND WELFARE AND FAMILY SERVICES

Minutes of the Fifth Meeting of the 2018 Interim

October 17, 2018

Call to Order and Roll Call

The fifth meeting of the Interim Joint Committee on Health and Welfare and Family Services was held on Wednesday, October 17, 2018, at 10:00 a.m., at the Northern Kentucky University Health Innovation Center, Highland Heights, Kentucky. Representative Addia Wuchner, Co-Chair, called the meeting to order at 10:07 a.m., and the secretary called the roll.

Present were:

Members: Representative Addia Wuchner, Co-Chair; Senators Ralph Alvarado, Tom Buford, Julian M. Carroll, and Reginald Thomas; Representatives Danny Bentley, George Brown Jr, Joni L. Jenkins, Mary Lou Marzian, Chad McCoy, Kimberly Poore

Moser, Steve Riley, and Russell Webber.

Guests: Ashish Vaidya, President, Northern Kentucky University; Valerie Hardcastle, Vice President for Health Innovation, and St. Elizabeth Executive Director of the Institute for Health Innovation, Northern Kentucky University; Sarah Giolando, Chief Strategy Officer, St. Elizabeth Healthcare; Ray Takigiku, PhD, President and CEO, Bexion Pharmaceuticals; John L. Villano, MD, PhD, Director of Clinical Neuro-Oncology, and Professor, Departments of Medicine, Neurosurgery, and Neurology, University of Kentucky; Roseanne Nields, Vice President, Planning and Government Relations, St. Elizabeth Healthcare; Teresa Koeller, MD, St. Elizabeth Physicians Journey Recover Center; Ellee Humphrey, DNP, Director, Women's and Children's Services, St. Elizabeth Healthcare; Sara Hamilton, Director, Planning and Program Development, St. Elizabeth Healthcare; Dawn Radcliffe, Northern Kentucky University Student/Graduate MSN; Lynne Saddler, Northern Kentucky Health Department; Shauna Kitts, Lloyd Memorial High School; Katie Bentley, Commonwealth Council on Developmental Disabilities; Robin Osborne; Chuck Scheper, Bexion Pharmaceuticals; Anne Wildman, Northern Kentucky Area Development District; Heather Bailey, Carespring; Louis Kelly, Kentucky Board of Physical Therapy; Tammy Gunnon, The Point; Julie Lehmann, Highlandspring of Ft. Thomas; Adam Lewandowski, Coldspring Transitional Care; Sandra George, Noah Key Community Care; Donna Turner, Tri-Generations; Amanda Newton, Recovery Concierge; Kara Daniel, Cabinet for Health and Family Services; Kristen Bender, The Point Arc; Jo Lewton, Boonespring Rehabilitation Center; Lisa Anglin and Angie Scroggins, St. Elizabeth Healthcare; and Mike Hammons, Children, Inc.

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

Welcome

Ashish Vaidya, President, Northern Kentucky University (NKU), stated that University would dedicate the Health Innovation Center (HIC) later in the day. He met earlier with the Liaison Committee for Medical Education, the accrediting body for the medical school, regarding the first class of students for the four-year medical program that will enroll in 2019 at NKU, in partnership with the University of Kentucky and St. Elizabeth Healthcare. In 2014, the General Assembly appropriated \$97 million for the HIC, and St. Elizabeth Healthcare invested another \$8 million. The HIC is going to be at the forefront of solving the challenges of healthcare by preparing more individuals for the healthcare professions.

Overview of the Institute for Health Innovation

Sarah Giolando, Chief Strategy Officer, St. Elizabeth Healthcare, stated that St. Elizabeth Healthcare is proud to have a public-private partnership with NKU and UK in many different aspects that will greatly impact the delivery of healthcare and innovation of healthcare across the Commonwealth. St. Elizabeth Healthcare has partnered with the UK Markey Cancer Center, and is in the process of building a \$140 million comprehensive cancer center in Kenton County on the Edgewood campus because of the high need for the

treatment of cancer. St. Elizabeth Healthcare is also an investor in Bexion Pharmaceutical's cancer research. NKU's medical school will help train professionals to the highest level of capability to provide care for individuals in Northern Kentucky and beyond.

Valerie Hardcastle, Vice President for Health Innovation, Northern Kentucky University, and St. Elizabeth Executive Director of the Institute for Health Innovation, stated that NKU and the HIC is centered on developing talent, nurturing place, and fostering innovation. The College of Health Professions works to enhance human health and preserve a good quality of life. The College is able to take advantage of the simulation center. NKU has the only simulation center in the state and it is comparable to any cutting edge, state-of-the-art simulation centers across the country. The simulation center will allow NKU to expand its clinical programs and interprofessional training.

The Institute for Health Innovation develops pioneering solutions to health challenges facing Northern Kentucky and drives change that directly addresses urgent unmet health needs. The primary partnerships areas are chronic illness, social determinants of health, and developing the health innovation sector. NKU received a grant from Health Resources and Services Administration (HRSA) to develop a comprehensive workforce plan with a special focus on substance use disorder. The grants are given to help rural areas and NKU's primary focus is Owen County which encompasses the entire Northern Kentucky region. Setting up additional clinical sites in Owen County and the surrounding rural areas will provide no cost or low cost care to people who desperately need it. Currently there are only three full-time primary care providers in Owen County, if someone needs substance use disorder treatment, that person is referred to another provider outside of the county which presents a problem with transportation to get to the provider. If students work with providers in Owen County and surrounding rural areas, it would provide an easy and inexpensive way to increase NKU's capacity to produce more healthcare workers and provide better care in rural areas. Hopefully the students would come from the region and would want to return there upon graduation. The second part of the comprehensive plan would focus on individuals who are early substance users who are not fully addicted, addicted but have not shown up in a treatment center, or have overdosed and been taken to an emergency room. If there is intervention for someone who can be caught early in their addiction, it would reduce the need for expensive treatment in the future. The goal is to train the school nurses, the counselors, the resource officers, and the teachers in an early intervention and recognition program for substance use. Often the first line of defense for middle and high schoolers is what happens in the schools.

NKU, St. Elizabeth Healthcare, and St. Elizabeth Physicians has collaborated in a project in health informatics. Most physicians prescribe drugs they learned about while in medical school or the drugs they are comfortable with. There is data in the Medicaid and Medicare systems about what drugs are being prescribed to what patients. The aim is to take

this deidentified information and add in cost factors to produce an algorithm that would help physicians know if a patient would benefit more if a particular drug is assigned to help manage symptoms in order to help provide less expensive care.

If a baby is exposed to opiates while in utero, it affects brain development, but the challenge is to figure out how the brain is affected. School systems are unable to manage children born with neonatal abstinence syndrome (NAS), because no one knows the full extent of all the symptoms. NKU has partnered with St. Elizabeth Healthcare to get medical data to perform an analysis of children born with NAS versus children who were not born with NAS, matching birth weight and diagnoses to see if there are any trends. A support group of parents whose children were diagnosed with NAS has been organized to talk about their experiences and help healthcare professionals that attend the meeting organize better care and support for families that are trying to manage this population.

Large determinants of health are food and housing security. Approximately 10 percent of all college students are housing insecure. If a student does not have a place to live and a real means of support, it will impact how the student performs in college. Achieving a college degree can be very important in lifting a student out of poverty and into a better life. NKU is conducting a study to look at the actual incidence of homelessness on campus. The university is engaged in a fundraising effort to dedicate part of the dormitory space to provide a place for students in need to live without cost and to provide wraparound services for them to help with the transition from a life of lower socioeconomic status to becoming a productive member of society.

In response to questions by Representative Bentley, Dr. Hardcastle stated that because the objective of federal funding is to study the opioid addiction problem, it is difficult to get funding to study the effects of methamphetamines in combination with opiates and alcohol. She stated that she does not have any data on the co-occurrence of marijuana abuse with respect to opiate addiction, but would research the problem. NAS is a combination of some symptoms of autism, ADHD, and vision problems. The symptoms resemble what is seen with autism spectrum disorder.

In response to questions by Representative Wuchner, Dr. Hardcastle stated that the symptoms of bi-polar disorder, schizophrenia, and other types of psychosis begin to show up in the college attending age range. It is very important to have comprehensive mental health services on campus that students can access. One of the challenges is that the mental health services are overwhelmed because there are so many students in need of those services. The strategy is to lift some of the burden from the healthcare professionals by being able to embed some mental health counselors in the dormitories to deal with students who have less of a comprehensive need and allow the mental health services on campus to deal with students who have more comprehensive needs.

Patient No. 1 and the Cancer Trial that Just Might Change Everything

Ray Takigiku, PhD, President and CEO, Bexion

Pharmaceuticals, stated that patient 1, began the treatment of the experimental drug BXQ-350 made from a human protein that destroys cancer cells without destroying healthy cells. Phase I of the clinical trials began in late 2016. Approximately \$40 million was invested in Series A and Series B, and \$6 million in non-dilutive grants mostly funded by Small Business Innovation Research (SBIR) program. Phase I does not have anything to do with clinical trials. Bexion received a \$3 million Phase II Bridge Award. Bexion's Phase II Bridge Award had to be vetted by Dr. Harold Varmus, MD, NCI Director, because the award is not given annually. Bexion has orphan drug status for glioblastoma multiforme (GBM) for brain cancer. In 2019, Bexion is planning a Phase I pediatric trial and a Phase II trial for adult GBM. The University of Kentucky, University of Cincinnati, Ohio State University, and New Mexico University recruit and refer patients to Bexion for its clinical trial.

Bexion started the company by licensing technology at Cincinnati Children's Hospital. The NCI \$5 million funding was matched for \$1.1 million by Kentucky. The Kentucky Enterprise Fund invested \$400,000 in 2009 and \$350,000 in 2018. Bexion located in Kentucky because of the reasonable cost of living. The company built a life sciences incubator where offices and laboratories are located. More available capital access is needed to bring more companies to Kentucky.

John L. Villano, MD, PhD, Director of Clinical Neuro-Oncology, and Professor, Departments of Medicine, Neurosurgery, and Neurology, University of Kentucky, stated that Markey Cancer Center's (MMC) mission is to reduce cancer mortality in our state through a comprehensive program of cancer research, treatment, education, and community engagement with a particular focus on the underserved population of Appalachian Kentucky. Markey has 36 sites statewide it is recruiting and research networks led by Dr. Tim Mullett. Approximately 59 percent of all new cancer cases in Kentucky are directly or indirectly cared for by MCC. MCC has \$41.9 million in cancer research funding, and have trained 5,700 health care professionals since 2013. MCC's clinical protocol and data management's goal is to maintain high quality clinical cancer research.

In response to questions by Representative Bentley, Dr. Takigiku stated that there is definitely some activity in the mitochondria in cell cultures. One of the mechanisms of cell death that has been published for this compound is on apoptosis, the death of cells that occurs as a normal and controlled part of an organism's growth or development. Consistent with this mechanism, there are changes in mitochondrial membrane potential that has been found in tissue culture. Dr. Villano stated that based on the pathology of GBM, the trial drug causes cell death.

In response to questions by Senator Thomas, Dr. Villano stated that there are a lot of clinical trials for men's health issues and there are a lot of studies conducted on gynecological and breast cancer. MCC has a precision medicine unit that incorporates more innovative agents, and some of the agents include immunotherapy.

In response to questions by Senator Alvarado, Dr.

Villano stated that part 2 of Phase I study has been for solid tumors and not focusing on the lymphatic and hemolymphases. Dr. Takigiku stated that Bexion has enrolled five different types of tumors in the Phase I program. In a world of precise medicine which is geared to specific genome types and specific tumors, Bexion has targeted therapy that are unique to tumor cells but are ubiquitous in tumor cells. The goal is to try to impact more tumor types.

In response to questions by Senator Julian Carroll, Dr. Villano stated that for clinical trials it is very important to restrict agents such as CBD oil. A lot of herbal and other types of medicine available for sale on the internet do not list all the ingredients and some of them contain steroids. People in clinical trials who choose to take these drugs need to be aware of the ingredients and the high cost to purchase the drug. There are other medical options available to treat patients for conditions than to treat them with medical marijuana.

In response to questions by Representative Marzian, Dr. Villano stated that educating people about the negative effects of smoking will have the best impact on Kentucky's health. There needs to be more studies on the impact of exposure of environmental conditions that cause cancer. MCC has a financial counselor to help patients deal with costs related to treatment and clinical trials. Dr. Takigiku stated that in rural communities, healthcare is often provided by federally qualified health centers (FQHCs) who provide excellent care. Each FQHC has different quality measures, but usually include preventive care.

In response to a question by Representative Wuchner, Dr. Takigiku stated that the Federal Drug Administration (FDA) in conjunction with Congress does have multiple incentive programs for large pharmaceutical companies to devote efforts to study less prevalent cancers such as GBM. There are approximately 10,000 new GBM cases per year nationwide, and because it is not considered a rare tumor type it falls under the orphan category. It is significant to have the orphan drug designation for GBM as a financial incentive and for research purposes. Bexion is hoping to collaborate with St. Elizabeth for recruiting patients for the Phase II study.

Baby Steps and Beyond: A Regional Plan for Pregnant Moms and Babies with Substance Use Disorder

Roseanne Nields, Vice President, Planning and Government Relations, St. Elizabeth Healthcare, stated that in 2017, there were over 2,000 overdoses and 220 deaths in Northern Kentucky. The Hepatitis C rates in Northern Kentucky are 11 times higher than the nation and 3 times higher than the rest of Kentucky. St. Elizabeth Healthcare assembled a regional planning group to develop a process to improve the outcomes for mothers that suffer from addiction and their babies.

Sara Hamilton, Director, Planning and Program Development, St. Elizabeth Healthcare, Ellee Humphrey, DNP, Director, Women's and Children's Services, St. Elizabeth Healthcare, Teresa Koeller, MD, St. Elizabeth Physicians Journey Recover Center, stated that the Annual Report on Neonatal Abstinence Syndrome in Kentucky reports over 86 percent of Kentucky mothers of babies with NAS are

between the ages of 20 and 34. St. Elizabeth reports that from 2015 to 2017, the average length of stay for a NAS baby was 14 days, 650 babies were born exposed to opiates, 290 babies were born with NAS, and 57 percent of NAS babies were born to mothers who tested positive for Hepatitis C. When a NAS baby goes home, 42 percent went with a mom and no required supervision, 33 percent with another relative or into foster care, and 25 percent with mom with required supervision. St. Elizabeth was awarded a Kentucky Opioid Response Effort (KORE) grant to fund the Baby Steps program. In 2017, there were 525 referrals to the program. While moms are in recovery, moms and babies stay together. Eighty percent of moms that go through recovery with their children use the Comprehensive Opioid Response with Twelve Steps (COR-12).

St. Elizabeth and its collaborative network's mission is to create an evidence-based continuum of care for pregnant women with substance use disorder (SUD) that promotes better health and well-being for both mom and their newborn, up to 2 years. The vision is to promote healthier outcomes for pregnant women with addiction, particularly to opiates, and their children. Treatment for moms and babies does not stop at birth, but should expand to two years postnatal to help study the effects of NAS has on the babies. The four collaborative goals are to facilitate early induction on buprenorphine/Subutex for pregnant women with SUD, increase post-birth collaboration and coordination of care among facilities providing post-partum services and parenting to women with SUD to improve the developmental trajectory of NAS babies born at St. Elizabeth Family Birth Place, enhance the recovery of mothers who deliver at St. Elizabeth Healthcare by providing recovery support and quality medical care up to two 2 years post-partum, and track and monitor relevant data on birth outcomes for women with SUD and the impact of recovery support up to 2 years post-partum. Housing, transportation, and child care are huge barriers to treatment.

In response to questions by Senator Buford, Dr. Koeller stated that currently Transitions has a residential addiction program available. In November, Transitions will open a 60 bed residential treatment center. Brighton Recovery Center is a 100-bed abstinence-based housing that does not allow medications where a woman can stay for up to 12 months. St. Elizabeth sees residents from Northern Kentucky, Cincinnati, and Indiana. She was unaware of any residential treatment centers in outlying areas, but would love to partner with other residential centers that are available.

In response to a question by Representative Jenkins, Dr. Koeller stated that St. Elizabeth Healthcare does not provide long acting reversible contraception (LARC) treatment and does discuss other options with women. Representative Wuchner stated that St. Elizabeth Healthcare is a Catholic facility which takes care of everyone without challenging its own faith as an institution.

In response to questions by Representative Wuchner, Dr. Koeller stated that when Oxford House opens in Northern Kentucky, the moms will be allowed to stay with their children unlike the one

in Louisville that does not allow children to stay with their moms.

Representative Wuchner stated that Senate Bill 250 from the 2018 Regular Session had language that stated if a pregnant woman tested positive for Hepatitis C, the results would become part of the permanent medical record of the woman and the permanent medical record of the child or children she was pregnant with at the time of the testing after the child or children are born. Children will be tested again at the 24-month well-baby check. Dr. Koeller stated that St. Elizabeth Healthcare is considering partnering with Children's Hospital to monitor developmental delays in babies with NAS. St. Elizabeth is partnering with The Christ Hospital in Cincinnati to send eligible women to be a part of its research program on the transmission of Hepatitis C as long as the pregnant woman does not have Hepatitis B. At the end of the study, The Christ Hospital will pay the \$80,000 to \$115,000 treatment cost for each woman.

Adjournment

There being no further business, the meeting was adjourned at 11:48 a.m.

INTERIM JOINT COMMITTEE ON APPROPRIATIONS AND REVENUE

Budget Review Subcommittee on Transportation

Minutes of the 3rd Meeting of the 2018 Interim

October 25, 2018

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 25, 2018, at 10:00 AM, at Northern Kentucky University, Room 205, Health Innovation Center, Nunn Drive, Highland Heights, Kentucky. Representative Sal Santoro, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Max Wise, Co-Chair; Representative Sal Santoro, Co-Chair; Representatives Ken Fleming, Chris Fugate, and Steven Rudy.

Guests: Hannah Edelen, President of Student Government, Northern Kentucky University; Andrew Aiello, General Manager, Transit Authority of Northern Kentucky; and, Candace McGraw, CEO, Cincinnati/Northern Kentucky Airport.

LRC Staff: Justin Perry, David Talley, and Spring Emerson.

Welcome to Northern Kentucky University

Hannah Edelen, President of Student Government, provided opening remarks and welcomed attendees to Northern Kentucky University (NKU).

Transit Authority of Northern Kentucky

Andrew Aiello, General Manager, Transit Authority of Northern Kentucky (TANK), provided an overview of the agency, its activities, and budgetary needs.

In response to questions from Chair Santoro, Mr. Aiello said that bus services that had been provided previously to a business near the Atlanta airport but had been recently cut, had caused major issues for that business due to employees no

longer having transit services. It makes employers think about where to invest, in order to keep the workforce pipeline going. This is not just a problem in Northern Kentucky, but also occurs at airports in Louisville, Lexington, and throughout the state. If Kentucky loses its federal funding due to a lack of matching funds, it would result in a negative effect. Some employees pay fares, but some companies provide bus passes to their employees. Buses can cost up to \$400,000 each.

In response to questions from Representative Fleming, Mr. Aiello said approximately 20 percent of fares cover operating costs, and this is a consistent amount throughout the country. TANK has a fleet of clean diesel and diesel-electric hybrids. Electric vehicles are cost prohibitive now, but most fleets are likely to go all electric in the future. Population density does not support rail transportation at this time, according to consultant studies.

Chair Santoro commented that these topics will be discussed in more detail at future meetings.

Cincinnati/Northern Kentucky Airport

Candace McGraw, CEO, Cincinnati/Northern Kentucky Airport (CVG), provided an overview of the airport, its activities, and budgetary needs.

In response to a question from Chair Santoro, Ms. McGraw said a variety of parking solutions is available, such as: valet parking; the parking garage, which is currently undergoing renovation as part of the consolidated rental car project; a long-term parking lot; and, within the next few weeks, another parking lot will be ready for use. The company is hesitant to build more parking garages at this time, due to future alternative modes of transportation and corresponding parking needs.

Adjournment

There being no further business before the subcommittee, a motion to adjourn was made by Representative Fugate, seconded by Co-Chair Wise, and the meeting was adjourned without objection at 10:46 AM.

INTERIM JOINT COMMITTEE ON APPROPRIATIONS AND REVENUE Budget Review Subcommittee on Education Minutes of the 5th Meeting of the 2018 Interim

October 25, 2018

Call to Order and Roll Call

The 5th meeting of the Budget Review Subcommittee on Education of the Interim Joint Committee on Appropriations and Revenue was held on Thursday, October 25, 2018, at 10:00 AM, in the Student Union Building on the campus of Northern Kentucky University. Representative James Tipton, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Stephen West, Co-Chair; and Representative James Tipton, Co-Chair; Senators C.B. Embry Jr., Johnny Ray Turner, and Mike Wilson; Representatives George Brown Jr., John Carney, Kelly Flood, Rick Rand, and Jody Richards.

Guests: Dr. Ashish Vaidya, President, Northern Kentucky University; Dr. Daniel McGee, Executive Director, Kentucky Center for Mathematics; Dr. David

T. McFaddin, Vice President, Office of Engagement, Regional Stewardship, and Government Relations; John R. Williamson, Superintendent, Eastern Kentucky University Model Laboratory School; Ryan D. Green, Executive Director, Office of Budget and Financial Planning; Dr. Ann Larson, Dean, College of Education and Human Development; Dan Durbin, Chief Financial Officer, University of Louisville; Heidi Cooley-Cook, Field Training Coordinator; Dr. Stuart Foster, State Climatologist/Director, Kentucky Mesonet at Western Kentucky University; Eugene Hutchins, Executive Director/CEO, Kentucky Higher Education Assistance Authority/ Kentucky Higher Education Student Loan Corporation; Mark Bunning, Deputy Secretary, Finance and Administration Cabinet; David Carlsen, Chief Financial Officer, Kentucky Higher Education Assistance Authority/ Kentucky Higher Education Student Loan Corporation; Becky Gilpatrick, Director of Student Aid Services.

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

Approval of Minutes: September 27, 2018

Senator Wilson made a motion, seconded by Senator West, to approve the minutes of the September 27, 2018, meeting. The motion carried by voice vote.

Northern Kentucky University

Dr. Ashish Vaidya, President, Northern Kentucky University gave opening remarks to the committee. He spoke about the pension crisis and professional development. Dr. Daniel McGee presented on the Kentucky Center for Mathematics (KCM). His presentation included the program's impact on test scores and developing skills needed for college and career readiness.

In response to a question from Chair Tipton, Dr. McGee said that the greatest impediments to success in mathematics are teaching and student beliefs. He added that teachers often teach as they were taught instead of engaging the students. Dr. McGee said that it is important that students learn that math should be facilitated for teachers to grow so the student mathematics experience may evolve. Dr. McGee stated that teachers need to move beyond basic content and test preparation and focus on skills development.

In response to a question from Representative Carney, Dr. McGee said that districts with greater resources reflect higher proficiency rates. He added that KCM focuses on the growth in the number of proficient students across districts.

Eastern Kentucky University

Representatives from Eastern Kentucky University (EKU) discussed the Model Laboratory School (MLS) at EKU. MLS is the last lab school in the Commonwealth. The school provides practical experiences for EKU students across programs and majors. MLS receives funding from tuition and fees, disbursements from Madison County Public Schools, and EKU.

In response to a question from Chair Tipton, Mr. Williamson said that all MLS faculty are EKU faculty. Students work in the classroom starting at the beginning of the program. Students are welcome to attend professional development courses that are offered to teachers on campus.

In response to a question from Senator West, Dr. McFaddin said that initial designs show there is enough green space adjacent to the current school to construct a new MLS facility while continuing to teach in the current facility. Ample educational space is available on different parts of EKU's campus. If the school were rated, it would qualify as a category five school. The capital budget line item for construction of a new MLS is \$45 million. The goal is to expand the school so more students can be served.

In response to a question from Senator Wilson, Mr. Williamson said that the Model School has open admission and that it is first come first served. Ten percent of students have a disability. There is no property tax. Per the 1990 agreement with the Madison County Board of Education, MLS receives a portion of the SEEK money. Lunch services are not provided at the Model School so there are no free and reduced lunch forms collected at the school. There are English as a Second Language (ESL) students at the Model School.

In response to a question from Representative Carney, Mr. Williamson said that Madison County School District is a great partner. Over 90 percent of students at MLS are from Madison County. When practice schools were started that there was no funding mechanism to go with them. It would be a good idea to look at other states that have successfully tackled this issue to find a more permanent solution.

In response to a question from Senator West, Dr. McFaddin said that some students at the MLS are from Fayette County and they have a reciprocal agreement with Madison County. SEEK funds for these students are sent from Fayette County to Madison County. Madison County Schools then send the funds to MLS. The reason that the Model School does not receive the entire SEEK amount is based on the old agreement between MLS and the Madison County Board of Education. EKU holds a service provider status per the agreement.

In response to a question from Representative Brown, Dr. McFaddin said that the MLS is a quasi public-private agency.

University of Louisville

Representatives from the University of Louisville testified about the Kentucky Autism Training Center (KATC). They discussed the KATC mission, historic state support, use of state funds, and statewide return on investment. Autism impacts one in 59 people, with 75,000 Kentuckians are affected.

In response to a question from Chair Tipton, Ms. Cooley-Cook said that training is provided for first responders. The program started with a group of firefighters based in Lexington. The training is offered for free and has been approved by the Board of Emergency Medical Services. All 1,200 Louisville Metro Police Department officers will be trained by the end of 2018.

Western Kentucky University

Dr. Stuart Foster, State Climatologist/Director, Kentucky Mesonet at Western Kentucky University (WKU) testified about the Mesonet System. He focused on infrastructure, public data access, and the tiered funding model.

In response to a question from Representative

Richards, Dr. Foster said there are eight staff positions. The data collected by the Mesonet helps school officials make decisions regarding winter weather cancellations. The goal is to eventually have a weather station in every county to be able to respond to local demands.

Kentucky Higher Education Assistance Authority/ Kentucky Higher Education Student Loan Corporation

Representatives from the Kentucky Higher Education Assistance Authority (KHEAA) and the Kentucky Higher Education Student Loan Corporation (KHESLC) testified on the Work Ready and Dual Credit programs.

In response to a question from Senator West, Ms. Gilpatrick said that limited certificates and diplomas are the reason some comprehensive universities are not participating in the program.

In response to a question from Senator West, Mr. Hutchins said that the agency's unfunded liability is a moving number. The unfunded liability increased by \$5 million in the last year.

In response to a question from Representative Carney, Mr. Hutchins said that the new website will be available soon. Customers may call the phone number listed on the website for support.

There being no further business to come before the subcommittee, the meeting was adjourned at 12:12 p.m.

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

Minutes of the 4th Meeting of the 2018 Interim

November 8, 2018

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, November 8, 2018, at 1:00 PM, in Room 154 of the Capitol Annex. Senator Albert Robinson, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Albert Robinson, Co-Chair; Representative Tim Moore, Co-Chair; Senators Julian M. Carroll, C.B. Embry Jr., Ernie Harris, Jimmy Higdon, Dennis Parrett, Mike Wilson, and Max Wise; Representatives John Blanton, Tom Burch, Myron Dossett, Chris Fugate, Mark Hart, Ruth Ann Palumbo, Rob Rothenburger, Dean Schamore, and Walker Thomas.

Guests: John Holiday, Executive Director, Kentucky Office of Homeland Security; Mike Sunseri, Deputy Executive Director, Kentucky Office of Homeland Security; Kayla Matola, Critical Infrastructure Special Events Analyst; Colonel Blaine Hedges, Executive Director, Kentucky Commission on Military Affairs; Zach Morgan, Executive Assistant, Kentucky Commission on Military Affairs; Russ Watts, Project Manager, Kentucky Commission on Military Affairs; Fran Ruth, Executive Director, Kentucky Law Enforcement Council; Jack Mattingly, Chairman, Joint Executive Council of Veterans Organizations; Carlos Pugh, Legislative Officer, Joint

Executive Council of Veterans Organizations; Larry Arnette, Legislative Committee Chair, Joint Executive Council of Veterans Organizations; Captain James R. Thompson, Executive Officer, Nashville Recruiting Battalion; Lisa Aug, World War I Centennial Committee.

LRC Staff: Jessica Zeh, Jonathan Philpot, and Elizabeth Hardy.

Minutes

Representative Thomas moved to adopt the September 13, 2018, meeting minutes. Representative Hart seconded the motion. The minutes were adopted.

Senator Embry moved to adopt the October 11, 2018, meeting minutes. Senator Wilson seconded the motion. The minutes were adopted.

Pledge of Allegiance

Co-chair Moore led the committee in the Pledge of Allegiance.

Kentucky Office of Homeland Security

John Holiday, Executive Director of Kentucky Office of Homeland Security (KOHS) gave updates of the last reporting cycle and highlight geospatial information systems capabilities. In the 2018 reporting cycle, KOHS provided 735 state employees with active shooter aggressor training. He also reported 125 new KOHS Intelligence Liaison Officers (ILOs) received training for both public and private sector partners.

Kayla Matola, Critical Infrastructure Special Events Analyst, expanded on the topic of ILOs. The goal is to train law enforcement and fire personnel on aspects of homeland security, including suspicious activity reporting. These officers become a point of contact between their agency and KOHS.

Mr. Holiday explained that over 106 Kentucky counties have been affected by KOHS. From FY 2017 there was a 26 percent increase in products produced and distributed to different law enforcement agencies. Weekly threat and hazard briefings are sent to Governor Bevin's office. According to the FY 2018 report, 8 counties adopted text-to-911, which is a 100 percent increase from FY 2017. Communication between agencies and KOHS is important, as is providing products that encourage homeland security. For the first time, KOHS received a grant to fund homeland security non-profit grant program for \$127,000. KOHS also received \$200,000 from the US Department of Justice for the school safe initiative. KOHS continues to seek to be used to protect the Commonwealth.

Mike Sunseri, Deputy Executive Director of Kentucky Office of Homeland Security and Administrator of the Kentucky 911 Services Board, stated a 6-month fiscal review was conducted this year and the results showed a misconduct of procedures and past funds had been misappropriated, including \$200,000 funds dedicated to 911 center grants. After the review, a quarter of a million dollars was reimbursed to the grant fund. New policies and procedures were implemented to ensure positive financial reviews in the future.

KOHS contributed to the passage of HB 424 which enforces the integration of 911 services board into homeland security. Paired with 2016 legislation, KOHS was able to decrease operating expenses and saw 25.8 million dollars in receipts for the 911

services board. Mr. Sunseri also discussed the next generation 911. It was explained that instead of a copper based voice only technology, an IP based digital infrastructure that allows voice, text, photos, and videos will be applied once the grant and local funds are received.

In response to Senator Higdon's question, Mr. Sunseri explained that some counties have been updating equipment to embrace next generation 911, but there is no statewide plan. KOHS hopes to implement a statewide plan in 3-4 years.

Responding to Representative Burch, Mr. Holiday said KOHS does not classify every active shooter as a terrorist, but a shooter can absolutely be considered a terrorist. KOHS uses social media and their private sector agencies to try to get participants in active shooter aggressor training.

In response to Senator Carroll, Mr. Holiday explained there are many ways the legislative body could help homeland security in Kentucky. Threats evolve over time, and legislation has a hard time keeping up with those threats. KOHS is not directly involved with the healthcare of veterans once they return from duty. There is no trend that indicates veterans as a threat to the public.

In response to Representative Dossett's comments, Mr. Holiday thanked Representative Dossett for his words and stated that homeland security begins with home town security.

Responding to Representative Rothenburger's question, Ms. Matola explained they try to provide trainings in different areas of the state for ILOs. There are more trainings scheduled this year in London and Frankfort.

In a response to Senator Higdon's comments, Director Holiday said that KOHS uses social media and mass email to inform agencies about grants. He does not understand why more agencies are not applying for the grants.

Kentucky Commission on Military Affairs

Executive Director Colonel Blaine Hedges provided an update on the strategic goals of the Kentucky Commission on Military Affairs (KCMA). Defense contracting went from \$5 billion a year in 2016 to \$6.5 billion dollars a year in 2017. The numbers for 2018 will be "staggering." A Humana contract was signed on April 1, 2018 that went from \$25 billion in the last 5 years to \$58 billion. Over 700 hundred jobs were created due to the Humana defense contract.

Colonel Hedges discussed strategic goal number 3, "Develop and Implement the Model for Transitioning Service Members, Veterans, and Spouses." Over the last six months, through an effort of numerous strategic partners, Kentucky has brought in almost \$10 million for transitioning veterans and their spouses. This includes providing them with certifications, training, and job placement. Kentucky is ranked third for most job opportunities for veterans.

Russ Watts, project manager, expanded on the \$10 million grants topic. The Office of Economic Adjustment (OEA) grant allowed the project manager to serve as the workforce element role. KCMA received a \$1.5 million grant from the Department of Labor called the Veteran Accelerated Learning for License Occupations (VALO). It provides veterans credit for

what they have already accomplished during military service.

Colonel Hedges stated that KCMA is also working toward becoming the country's most military friendly state. A survey was produced and dispersed to relevant individuals and the results provided suggestions for legislators to help achieve this goal. The top four answers KCMA received were changes to the income tax, property tax, education benefits, and hiring of veterans and their spouses.

In response to a question asked by Representative Burch, Colonel Hedges explained he is not aware of any statistics being tracked regarding veterans that had jobs before they went into service. However, he stated that the Kentucky Department of Veterans Affairs (KDVA) may have more information on that subject.

Joint Executive Council of Veterans Organizations

Jack Mattingly, Chairman of Joint Executive Council of Veterans Organizations (JECVO), discussed legislation JECVO has been working on for the upcoming session. The first being charitable gaming. Veterans Service Organizations (VSOs) return a large amount of their income back to the community through donations. If that part of the income is taken, a part of the community will suffer as well. Mr. Mattingly explained the importance of having a green alert system. Any veteran that is disabled or mentally challenged goes missing, a search can be started immediately rather than waiting 48 hours. KDVA operating budget is important as well so that veteran's centers can be staffed and operate at full capacity. Expectations of property tax also hurts VSOs in a similar way income tax does because many organizations make charitable donations to their communities. He discussed taxation of pension income for veterans. An adjustment made from \$31,000 to \$41,000 would attract more military retirees to the state.

Carlos Pugh reiterated that charitable gaming is a lifeline for VSOs. It is how bills are paid, programs are funded, and how they help support schools. He will return during the coming session to go into more detail about the charitable gaming issue.

Larry Arnette expressed the importance of having a green alert system. PTSD and other mental disorders are increasing in veterans. Wisconsin implemented a green alert system and has had high success rates. The green alert will allow law enforcement and citizens to adapt to this type of situation as it should be handled differently than an amber alert or golden alert. He said that BR 7 has good intentions but does not fix the property tax problem for VSOs.

In response to Representative Blanton's comments, Mr. Mattingly stated he supports the construction of Veterans nursing home in Magoffin County and the construction of any veteran's nursing homes in Kentucky.

In response to Senator Higdon, Mr. Arnette stated that the federal government does assist with veteran's nursing home costs. The federal government provides each veteran with a per diem which helps cut costs of daily living.

Representative Thomas discussed prefiling bill BR 276 regarding tax exemption of military pensions.

ASVAB Career Exploration Program

Captain Thompson, Executive Officer of the Nashville Recruiting Battalion, discussed the misconceptions of the Armed Services Vocational Aptitude Battery Career Exploration Program (ASVAB CEP). This test is not just a tool used by recruiters to access students nor does it give a go ahead for recruiters to contact students. The ASVAB CEP is a post-secondary career planning resource. The ASVAB CEP mission is to provide a career exploration program for students and to recognize pre-qualified people for services in the military. Captain Thompson testified that once the ASVAB CEP was no longer required, the number of participants dropped to almost 50 percent in a school year's time.

Schools would save money by opting for the ASVAB CEP versus paying for other career exploration tests. Schools would be working directly with the local recruiter who then works with a military education service specialist who is ultimately responsible for the scheduling of tests, administering the program, and analyzing results for the schools.

Captain Thompson talked about the benefits of the ASVAB CEP. No matter the test's results, the program will provide the student with a detailed goal-oriented plan on what they need to do to achieve their plan.

Resolution

A resolution celebrating the 100th anniversary of Armistice Day was presented. Co-chair Moore moved to adopt the Resolution. Senator Embry seconded the motion. The resolution is adopted and presented to a KDVA representative.

Being no further business, the meeting was adjourned at 2:54 PM.

INTERIM JOINT COMMITTEE ON APPROPRIATIONS AND REVENUE

Minutes of the 5th Meeting of the 2018 Interim

October 25, 2018

Call to Order and Roll Call

The 5th meeting of the Interim Joint Committee on Appropriations and Revenue was held on Thursday, October 25, 2018, at 1:00 PM, in Room 102/104 of the Health Innovation Center on the campus of Northern Kentucky University, Highland Heights, Kentucky. Senator Christian McDaniel, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Christian McDaniel, Co-Chair; Representative Steven Rudy, Co-Chair; Senators Danny Carroll, David P. Givens, Morgan McGarvey, Gerald A. Neal, Dennis Parrett, Wil Schroder, Brandon Smith, Robin L. Webb, Stephen West, and Max Wise; Representatives Rocky Adkins, Tim Couch, Myron Dossett, Ken Fleming, Jason Nemes, Sal Santoro, Arnold Simpson, Jim Stewart III, James Tipton, Russell Webber, and Susan Westrom.

Guests: Dr. Ashish Vaidya, President, Northern Kentucky University; John Chilton, State Budget Director, Office of State Budget Director; Greg Harkenrider, Deputy Executive Director, Office of State Budget Director; John Cooper, Governmental

Affairs Consultant, Kentucky Bankers Association; Debra Stamper, Executive Vice President and General Counsel, Kentucky Bankers Association; Ballard Cassady, President and Chief Executive Officer, Kentucky Bankers Association; Dave Eager, Executive Director, Kentucky Retirement Systems; Kathy Rupinen, General Counsel Advocacy; Jennifer Hays, Committee Staff Administrator, LRC Appropriations and Revenue Committee.

LRC Staff: Jennifer Hays, Cynthia Brown, and Chase O'Dell.

Welcome from NKU

Dr. Ashish Vaidya welcomed members to Northern Kentucky University.

Approval of Minutes

Senator Schroder moved that the minutes of the August 30, 2018 meeting and September 27, 2018 meeting be approved. Representative Santoro seconded the motion, and the minutes were approved by voice vote.

Discussion of Budgeted Receipts versus Actual Receipts

John Chilton, State Budget Director, Office of State Budget Director; and Greg Harkenrider, Deputy Executive Director, Office of State Budget Director; discussed Budgeted Receipts versus Actual Receipts.

Greg Harkenrider testified that there was a general fund revenue surplus of \$119,800,000 for Fiscal Year (FY) 2018. Of the \$119,800,000 revenue surplus, \$94,600,000 came from the individual income tax. Sales and use tax receipts were \$6,200,000 lower than estimated. Corporate income and LLET receipts were \$4,700,000 above the estimate. Property tax receipts were \$13,400,000 over the estimate.

Greg Harkenrider stated that a surplus in FY18 does not imply a surplus in FY19. He explained that some money received in FY18 is not expected for FY19. An extra \$10,000,000 from dividends was received from the lottery in FY18. In addition, there were really strong estimated payments from the individual income tax in the second and third quarters of FY18. He testified that unexpected money makes it difficult to post growth in the following year. He continued to say that tax reform adds uncertainty to the forecasting process. Mr. Harkenrider stated that growth will be slower in FY19 because of the one-time money received in the third quarter of FY18.

Receipts for FY19 are expected to be \$24,500,000 below the official Consensus Forecasting Group (CFG) estimate. Individual income tax receipts are projected to fall 1.4 percent in FY19. Sales tax receipts are projected to grow 8.2 percent in FY19. Mr. Harkenrider testified that the decline in the corporate income tax is the main reason behind the \$24,500,000 shortfall in FY19.

The changes in House Bill (HB) 487 SCS are expected to bring in an extra \$208.2 million in sales tax receipts. The changes are also expected to cause a loss of \$118.3 million in individual income tax receipts. Tobacco taxes are expected to bring in an additional \$130 million because of HB 487.

Greg Harkenrider testified that the individual income tax receipts are close to the estimate so far this year. He stated that moving from a graduated rate to a flat rate is showing up in withholding. Year-to-date withholding is down 2.5 percent in the current year.

Mr. Harkenrider stated that the effects of broadening the tax base will not show up until 2018 returns are filed. He continued to say that there is uncertainty surrounding what the situation with refunds and estimated payments will be in the spring. Growth is projected to occur in those areas.

Mr. Harkenrider said that it will be hard to replicate the individual income estimated payments from FY18.

The sales tax receipts thus far are close to the estimate for FY19. Of the projected 8.2 percent growth in sales and use tax receipts, it is projected that 5.3 percent will be the result of base broadening and tax reform. The remaining 2.9 percent is projected to result from economic growth.

Greg Harkenrider testified that estimates have been lowered for the corporate tax. He explained that the corporate taxes are one of the main reasons that receipts will be lower than estimated. Last year there was relatively flat growth in the corporation income tax. Corporate tax receipts were up two percent and Limited Liability Entity Tax (LLET) receipts were down three percent. Mr. Harkenrider stated that the first quarter of FY19 saw corporate receipts fall 5.1 percent.

Mr. Harkenrider testified that the cigarette tax and floor stock tax both exceeded expectations. First quarter receipts for the taxes are up 85.3 percent compared to last year. The floor stock tax brought in \$21.2 million in receipts in the first quarter of FY19, exceeding the official estimate of \$19 million. Greg Harkenrider stated that the 50 cent tax increase on packs of cigarettes only led to a 1.64 percent decrease in first quarter sales in FY 19 compared to FY18.

Mr. Harkenrider testified that year-to-date receipts have shown encouraging growth of 4.5 percent. He continued to say that interim estimates are running close to the enacted budget estimates. He also stated that the revenue surplus of FY18 is unlikely to repeat in FY19. The remainder of FY19 is expected to be similar to the first quarter receipt patterns.

In response to a question from Representative Rudy, Greg Harkenrider stated that there will be more certainty concerning receipts received by the end of the third quarter of FY19.

In response to a question from Senator Carroll, Greg Harkenrider stated that non-profit admissions were not factored in receipt estimates, therefore exempting them would not have an effect on the estimates. In response to a follow-up question from Senator Carroll, Mr. Harkenrider said that the sale of taxable tangible property by non-profits should have been taxed all-along. In response to another question from Senator Carroll, he explained that there was a misunderstanding of the law that led to under-compliance in the taxation of non-profits.

Discussion on the Bank Franchise Tax

John Cooper, Governmental Affairs Consultant, Kentucky Bankers Association; Debra Stamper, Executive Vice President and General Counsel, Kentucky Bankers Association; and Ballard Cassady, President and Chief Executive Officer, Kentucky Bankers Association; discussed the Bank Franchise Tax in Kentucky.

Ballard Cassady testified that Kentucky is taxing

banks at a rate that is 92 percent higher on average than any other corporation or business in the state. He stated that corporate tax reform enacted by the General Assembly in 2018 expanded the gap.

The Bank Franchise Tax was enacted in 1996. Mr. Cassady testified that Dodd-Frank increased the gap between the bank franchise tax and taxes on every other corporation.

Mr. Cassady testified that Kentucky's chartered banks have the highest capital of any state in the region. He continued to say that having some of the best capitalized banks in the country kept them from failing during the recession in 2008. Mr. Cassady also testified that because of the bank franchise tax, Kentucky banks' high capital rate contributes to the imbalance between bank tax rates and tax rates on all other corporations. In addition, he stated that it is part of the reason that Kentucky's bank tax rate is higher than all of the states surrounding it.

Ballard Cassady testified that Kentucky taxes its banks higher than any other state in the country. He said that the 92 percent tax gap between banks and other corporations in the state is an average, and that the gap is much higher for small banks.

Kentucky banks have an average effective tax rate of 13.3 percent, which is the highest rate in the nation. Kentucky is one of five states in the country that has a bank franchise tax.

As a result of out-of-state bank acquisitions, Kentucky has lost control of over \$665 million in capital in the last five years. Mr. Cassady testified that the trend will accelerate if the bank tax gap is not closed quickly.

In response to a question from Representative Adkins, Ballard Cassady said that banks are being acquired in locations across the state.

In response to a question from Senator Givens, Ballard Cassady stated that the bank franchise tax was used by 30 or more states at one time. In response to a follow-up question from Senator Givens, Mr. Cassady said that the consumer and corporate mind work differently. In response to another follow-up, he stated that three significant events contributed to the current situation. He cited those events as being the lowering of the corporate tax rate in 2005, the passage of Dodd-Frank, and the lowering of the corporate tax rate again in 2018. In response to another question from Senator Givens, Mr. Cassady stated that adding the local deposit tax on top of the bank tax creates an effective tax rate of 13.3 percent.

Discussion of KRS Exit Strategies for Quasi Government Agencies

Dave Eager, Executive Director, Kentucky Retirement Systems; and Kathy Rupinen, General Counsel Advocacy; discussed KRS exit strategies for quasi government agencies.

Dave Eager testified that the Kentucky Retirement System (KRS) could not be left until 2015. 2015 House Bill 62 defined a process by which agencies could leave the retirement system. Dave Eager said that KRS had some issues with HB 62.

2017 HB 351 allowed for lump sum payments only.

2018 HB 362 froze the Kentucky Employee

Retirement Systems (KERS) Quasi rate at 49.43 percent for FY 2019.

Dave Eager testified that most Quasi agencies cannot afford higher contributions in FY 2020. He continued to say that most of the agencies cannot afford to withdraw from the system.

KERS has \$15.6 billion in actuarial liability. Mr. Eager testified that KERS has \$13.5 billion in unfunded liability. He continued to say that 71 percent of the actuarial liability is comprised of retirees. In addition, he stated that there are 0.83 active employees making contributions for every retiree receiving payments.

State Police Retirement Systems (SPRS) has \$967 million in actuarial liability. Retirees make up 79 percent of the liability.

Dave Eager stated that retirements will most likely continue to accelerate for the next 10 years. He also stated that KRS has a fiduciary responsibility to its systems and members.

Kathy Rupinen testified that some agencies are not replacing employees as they leave. She continued to say that some agencies are attempting to outsource their employees. KERS has seen a drop of 10,000 active employees in the last eight years. Kathy Rupinen stated that KRS has an obligation to determine who are employees of participating employers.

In response to a question from Representative St. Onge, Dave Eager testified that statute does not explain what a Quasi agency is. He continued to say that KRS does not decide what agencies are critical to the state.

In response to a question from Representative Westrom, Kathy Rupinen stated that there are Area Development Districts (ADD) participating in KRS. Mr. Eager said that 14 of them are participating.

House Bill 487 Impact on Individual Income Tax

Jennifer Hays, Committee Staff Administrator, LRC Appropriations and Revenue Committee, discussed House Bill 487's impact on the individual income tax.

In response to a question from Representative St. Onge, Jennifer Hays stated that generalizations cannot be made from specific returns.

In response to a question from Senator McGarvey, Jennifer Hays testified that the Legislative Research Commission (LRC) has very little data pertaining to the effects of HB 487.

INTERIM JOINT COMMITTEE ON LOCAL GOVERNMENT

Minutes of the 4th Meeting of the 2018 Interim

October 24, 2018

Call to Order and Roll Call

The fourth meeting of the Interim Joint Committee on Local Government was held on Wednesday, October 24, 2018, at 10:00 AM, in Room 171 of the Capitol Annex. Senator Joe Bowen, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Joe Bowen, Co-Chair;
Representative Rob Rothenburger, Co-Chair;

Senators Denise Harper Angel, Christian McDaniel, Morgan McGarvey, Albert Robinson, Dan “Malano” Seum, and Damon Thayer; Representatives Danny Bentley, George Brown Jr, Ken Fleming, Kelly Flood, DJ Johnson, Kim King, Adam Koenig, Stan Lee, Michael Meredith, Jerry T. Miller, Phil Moffett, Steve Riggs, Arnold Simpson, and John Sims Jr.

Guests: J.D. Chaney and Bryanna Carroll, Kentucky League of Cities; Mayor Teresa Rochetti-Cantrell, City of Mayfield; Mayor Bill Dieruf, City of Jeffersonville; Shellie Hampton, Kentucky Association of Counties; Tony Wilder, Kentucky Council of Area Development Districts; Judy Piazza, Finance Cabinet; and Gay Dwyer, Kentucky Retail Federation.

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

Approval of Minutes

Upon the motion of Representative Simpson, seconded by Representative Johnson, the minutes of the September 26, 2018 meeting were approved.

Kentucky League of Cities (KLC) Legislative Platform for the Upcoming 2019 Session of the General Assembly

Mr. J.D. Chaney, Deputy Executive Director of KLC, said that KLC’s Board of Directors set the legislative agenda. KLC’s Board has 60 members that represent all areas of the state.

Mayor Teresa Rochetti-Cantrell, City of Mayfield and KLC President, said that there is a need for local control and that KLC’s dedication to home rule has not wavered since KLC was formed in 1927.

It is important that cities are given the tools and increased flexibility needed to encourage economic development and tourism. Kentucky’s city population is booming—13,000 people were added in the last year alone. While unincorporated areas in the state saw a population increase of less than one percent from 2010 to 2017, the population in cities grew by nearly four percent. Cities will need the legislature’s help to ensure the needs of their expanding populations are met.

KLC’s legislative agenda takes the state’s population shift into account. It starts with the need to separate the pension system for local employees from the state’s troubled system. The County Employees Retirement System (CERS) is there for the city workers. It is the largest system in the Kentucky Retirement Systems (KRS) with 236,000 members. They have 75 percent of the assets at KRS—almost \$9 billion—but only have 35 percent representation on the KRS Board of Trustees. CERS pays 63 percent of the administrative expenses at the KRS—roughly \$20 million this past fiscal year. KLC believes an independent CERS board would be more prudent with the local tax dollars that go into CERS. KLC strongly believes separating CERS is the best path forward.

KLC’s second priority is road funding modernization. KLC proposes that the legislature modernize the road funding formula to ensure city governments receive a fairer proportion of new state gas tax revenues for construction and maintenance of city streets. Cities maintain more than 10,000 miles of public roads, with state and federal road funds covering only about one-third of the costs. It has been nearly 70 years since Kentucky put a formula in place to divide gas tax revenues among cities and counties.

It is heavily slanted towards rural areas and has not changed, despite the continual shift in population. KLC has reached an agreement with the Kentucky Association of Counties (KACo) on a new funding formula. It would only be applied to revenue above \$825 million—the amount seen in Fiscal Year 2014 when the road fund had record receipts. Money above that 2014 level would be split equally between cities and counties, each receiving 13 percent.

KLC’s third priority focuses on revenue flexibility and protection. Cash-strapped cities are restricted on how they can generate revenue to provide quality of life services for their growing populations. Modernization is the key, which includes expanding the option of generating consumer-based restaurant revenue to all cities. Currently only former fourth and fifth class cities can collect the funds, and the earnings are allocated to the local tourism commission for marketing purposes. Giving all cities equal treatment and dedicating 75 percent of the revenue to cities for community development would boost tourism and improve neighborhoods.

KLC is advocating for protection of a tax credit that the legislature already provides in areas where the city and county have a population of 30,000 or more. If both levy an occupational license tax, the amount paid to the city can be credited towards the amount owed to the county. People who conduct business in a city’s limits count on city services. Removing the credit would stack taxes and ultimately result in higher taxes for people who work and operate businesses in communities where the city accounts for a majority of the employment population. KLC will oppose any effort to remove this tax credit.

KLC supports an amendment to the Kentucky Constitution to permit a city to impose a local sales tax, and KLC opposes any effort to centralize tax collection.

KLC is committed to legislation that helps battle one of the worst problems to ever hit cities—the drug epidemic. It has taken a toll on families and communities. KLC is ready to work with the legislature on efforts to combat the criminal aspects of drug trafficking and abuse, as well as on ways to take a more proactive stance on treatment, rehabilitation, training, and workforce reentry.

Cities across Kentucky continue to see inequities between local governments depending on population or prior classification. That is why classification reform is one of KLC’s top agenda items. In 2015, the state changed its former arbitrary classification system, creating two city classes—first class and home rule cities. While the classification system is designed to allow cities certain rights and responsibilities, several state laws are still applied based on city population or previous classification. Cities are seeking statutory changes to eliminate the inequities that exist among city governments based on population or that were grandfathered during previous classification reform.

Mayor Bill Dieruf, City of Jeffersontown and KLC’s First Vice-President, said that economic development remains a top priority. Incentives need to be considered for both existing businesses and prospective businesses.

Cities need new tools to deal with enforcement and rehabilitation of dangerous, blighted and

abandoned properties.

Another priority of KLC is modernization of newspaper publication requirements. Temporary legislation included in the revenue bill allows county governments with a population of more than 90,000 and the cities within those counties to post ordinances, audits and bid solicitations online with an advertisement in the local newspaper indicating where to find the web-based material. It is only permitted for two years and only impacts 135 Kentucky cities. KLC wants this to be available to all cities. Publishing Jeffersontown’s budget in the newspaper costs \$10,000-15,000. It would be better to post a notification in the newspaper and put the budget on the internet where it can be accessed at-will.

KLC will look to the legislature to again pass legislation that allows additional investment options for city governments that are safe but that allow for greater returns to the public.

KLC supports the elimination of the peace officer powers of constables unless the constables are certified by the Kentucky Law Enforcement Council and approved by the county fiscal court.

KLC supports changing the way the Kentucky Board of Emergency Medical Services certifies paramedics and EMTs to improve the hiring of qualified candidates.

Additional priorities include: advocating for changes to how the Division of Water certifies plant and field operators; protections for cities dealing with monetary legal judgments; seeking to permit an elected official participating in the CERS who has a full-time job with an employer participating in the KRS to retire from that career without having to also resign from his or her elected office; seeking the same option private employers have to prohibit an employee from carrying weapons during his or her official duties; allowing cities that have adopted the Model Procurement Codes be able to dispose of surplus property in the same manner as other cities; having the ability to develop a joint municipal electric agency for the sale of wholesale power among its members; and exploring ways to reduce incidences of contractors failing to obtain an encroachment permit from the state when doing work along city streets.

Senator Bowen commented that he agreed that the 2015 reclassification bill could have been more comprehensive and the grandfathering of cities should have been addressed.

Senator Bowen urged KLC not to sacrifice their other priorities at the expense of their number one priority of separating CERS from the KRS.

In response to a question from Representative Miller, Mr. Chaney said that it would be difficult to have two governing boards using one administrative structure if CERS were separated from KRS and both had board representation. Being able to manage the administration and the governance would allow the focus to be tailored to the particular system, given that CERS and KERS have different fiscal health profiles.

Representative Simpson commented that he is in favor of separating CERS from KRS but is concerned about the cost as stated in the last Public Pension Oversight Board meeting. In response to a question from Representative Simpson, Mr. Chaney said he

hoped to have their response regarding how much it would cost to separate the two systems presented at a future Public Pension Oversight Board meeting.

Regarding the drug epidemic, Representative Brown commented that cities are not dealing as best as possible with workforce reentry.

Mayor Dieruf said that while the workforce reentry issue is very important, policies allowing persons to receive and complete treatment need to be addressed as well.

Mr. Chaney noted efforts toward “ban the box” in job applications where individuals are asked whether or not they have a criminal record.

Representative Brown commented that economic development is also a key issue. The legislature needs to work with cities on how to address economic development on the state level.

Mayor Dieruf noted Jeffersontown’s efforts regarding innovative zoning classifications designed to create areas attractive to millennials. In addition, changes to the city’s comprehensive plan focus on affordable and conveniently located housing. Being able to make efficient changes to zoning and related regulations helps secure businesses interested in locating in Kentucky cities.

In regard to economic development and “ban the box,” Representative Riggs commented that he has encountered people being hired and then being disqualified because they committed a misdemeanor in their past.

In response to a question from Representative Johnson, Mr. Chaney said the CERS separation transition process would possibly occur over a four-year period to accommodate investment issues, include two executive directors during the transition period, and allow for second-party arbitrators or mediators when conflicts arose.

In response to a question from Representative Fleming, Mr. Chaney stated that the road fund formula was based on a politically-negotiated split of county and city road aid. Representative Fleming stated that data should be one of the considerations when deriving the road fund formula and encouraged KLC to provide that information.

Representative Meredith commented that cities need to put a new focus on blighted and abandoned properties and that smaller cities may not have the resources to deal with these properties. The state might be able to provide some ideas to assist these smaller communities.

In response to a question from Senator Seum, Mr. Chaney said the road fund formula also applies to consolidated local governments and urban-county governments.

In response to a question from Representative Rothenburger, Mayor Rossetti-Cantrell said that existing statutory inequalities remaining after the city reclassification reform bill can be seen in the inability of Mayfield, a city of the former third class, not being able to levy a restaurant tax because that tax was limited to former cities of the fourth and fifth classes.

In response to another question from Representative Rothenburger, Mayor Dieruf said that cities should look at the state for manufacturing as an economic development tool. Cities should also look toward the service industry, such as information

technology, and look at the businesses they already have within their cities, and give incentives for those businesses to grow.

Representative Rothenburger commented that cities should not succeed at the expense of counties, counties should not succeed at the cities’ expense, and cities and counties should not succeed at the expense of state government.

Senator Bowen commented that the takeaway from the day’s discussion is that home rule does not have a simple definition.

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

PROGRAM REVIEW AND INVESTIGATIONS COMMITTEE

Minutes

2018 Interim

October 11, 2018

Call to Order and Roll Call

The Program Review and Investigations Committee met on Thursday, October 11, 2018, at 10:00 AM, in Room 131 of the Capitol Annex. Senator Danny Carroll, Chair, called the meeting to order, led the audience in a prayer and the Pledge of Allegiance; and the secretary called the roll.

Present were:

Members: Senator Danny Carroll, Co-Chair; Representative Lynn Bechler, Co-Chair; Senators Tom Buford, Perry B. Clark, Wil Schroder, Dan “Malano” Seum, Reginald Thomas, and Stephen West; Representatives Chris Fugate, Adam Koenig, Steve Riley, Rob Rothenburger, Arnold Simpson, and Walker Thomas.

Guests: Greg Hale, CEO/Manager, Logan Telephone Company; Tyler Campbell, Executive Director, Kentucky Telecom Association; Linda S. Vandeloop, Assistant Vice President, External Affairs, AT&T; Mike Harmon, Auditor of Public Accounts, Chris Hunt, General Counsel/Executive Director of Office of Technology & Special Audits, Josh Winfrey, Audit Manager, Auditor of Public Accounts; and Phillip Brown, Executive Director, Kentucky Communications Network Authority.

LRC Staff: Greg Hager, Committee Staff Administrator; Chris Hall; Van Knowles; Jean Ann Myatt; Jeremy Skinner; William Spears; Shane Stevens; Susannah Stitzer; Joel Thomas; Richard Schufelt, Graduate Fellow; and Kate Talley, Committee Assistant.

Minutes for September 13, 2018

Upon motion by Representative Riley and second by Representative Simpson, the minutes for September 13, 2018, meeting were approved by voice vote without objection.

Telemarketing, Disclosure of Cellphone Numbers, Misidentification of Callers

Ms. Vandeloop said that in July 2016, the AT&T chairman agreed to chair a robocall strike force at the request of the Federal Communications Commission (FCC) chair. The members of the group developed a plan and a more robust set of mitigation tools. The plan focuses on consumer choice, detection, assessment, trace back, caller identification authentication, and regulatory support from the FCC. There is no way to block all robocallers. Spoofing is only illegal if done

with the intent to commit fraud. Illegal spoofers spoof a trusted number or a number that appears as local to the person being called.

The industry has developed standards for caller identification referred to as shake and stir. The standards are being implemented. By May 2019, the government structure should be in place. Some companies have committed to signing their calls by next year. Eventually, consumers may see a checkmark that the call has been authenticated. This may stop spoofing but it will not stop robocalls.

Many carriers in the industry have created a group to trace sources of robocalls. AT&T has several tools available to consumers. The company blocks calls it identifies as illegal, subject to FCC rules. AT&T also does consumer education and provides a link to which people can report robocalls.

Mr. Campbell said the Kentucky Telecom Association (KTA) has 18 member companies, which include rural telecom cooperatives, small commercial telecom companies and two regional wireless providers. KTA members serve 45 counties, predominantly rural areas.

The FCC receives about 200,000 complaints per year about robocalling or similar types of calls. In September, the FCC issued two fines totaling over \$119 million for illegally spoofed calls. It has made new rules allowing phone companies to block types of calls that are likely to be unlawful before they reach consumers. Many phone companies are providing these robocall blocking features. KTA’s national association, NTCA-The Rural Broadband Association, has engaged with the FCC and the Federal Trade Commission (FTC) to address this issue. The key to combatting and reducing the number of unwanted robocalls is continued advancement of technology applications and consumer education.

It is a misconception that robocallers and telemarketers obtain individual wireline and wireless numbers from telecommunications companies. Guidelines in FCC regulations prohibit selling information such as when a customer places a call, the person called, the location from where the call is placed, and the telephone services to which the customer subscribes. It is not in the best interest of companies to upset their customers, so they make every effort to protect their customers’ privacy. Autodialers allow robocallers to dial multiple random numbers in a specified area code and exchange prefix. A number of carriers are deploying robocall blocking technology. There are hundreds of third-party blocking apps. Mr. Campbell concluded by listing 11 things that consumers should do to reduce unwanted calls and protect themselves from fraud.

In response to questions from Senator Carroll, Mr. Campbell said voicemail can be accessed from spoofed calls. Mr. Hale said default passwords on technological devices should be changed. Spoofers can use legitimate software to manipulate data to show a preferred number when calling.

In response to questions from Representative Bechler, Ms. Vandeloop said examples of legitimate spoofing would be when a doctor calls from a personal device, but the office number is shown as the source of the call, or when a call is made from a battered women’s shelter. Most legitimate spoofing is done

for safety reasons. Mr. Hale said many government agencies legitimately spoof calls to show the main department number rather than a direct line. Spoofing is illegal in the US unless certain criteria are met. Ms. Vandeloop said the AT&T antispoofing application only works on phones with an AT&T account. Mr. Campbell said several third-party applications will work regardless of the carrier. Ms. Vandeloop said people using landline phones can register online with Nomorobo to block spoofing calls. AT&T created a landline phone that will intercept any call not in its directory. Mr. Hale said many carriers use databases to block calls. Mr. Campbell said he will provide a list of local companies in KTA.

Certain Contracts, Operations, and Activities of the Kentucky Communications Network Authority

Auditor Harmon said that the Auditor of Public Accounts' (APA) examination of KentuckyWired began in January 2018. The findings, released in September, were referred to the Executive Branch Ethics Commission. The APA is continuing its examination of the procurement related to this project. He provided background information on the KentuckyWired project. Most funding was supposed to come from the private sector, but this has not been the case in practice.

It is not possible to determine the net cost of the project. Revenues cannot be estimated because rates, the number of subscribers, and if and when the network becomes operational are unknown. It is known that officials in the prior administration signed an agreement committing the state to nearly \$1.5 billion in costs over 30 years. Due to several factors, this is a conservative estimate.

He summarized the procurement timeline. Two major changes during procurement have led to problems. First, in the initial request for proposals (RFP), the private sector was responsible for easements and pole agreements. In the master agreement, the state was responsible for them. Second, Macquarie's response to the RFP indicated that the project would be fully funded by private capital with no debt financed by taxpayers and with no recourse to the state. One day before the project agreement was signed, financing was removed as a responsibility of the private sector. Currently, private equity is approximately 1 percent of project financing. The financing arrangement also ties Kentucky's credit rating to this project.

There is evidence that some of the problems could have been avoided. Kentucky Department of Education officials warned the Finance and Administration Cabinet secretary that KentuckyWired would not be E-rate eligible. Forty-five percent of the anticipated revenue for KentuckyWired was to come from providing internet service to K-12 schools.

A contractor warned state officials that pole attachment problems could cause deadlines to be missed. Claims related to pole attachment agreements are part of the \$88 million settlement memorandum Kentucky signed this year. The settlement does not cover the nearly \$25 million in contractor claims related to easements.

The revenue projections for KentuckyWired assume that the price for wholesale service increases 2.5 percent per year. The auditor's report considers the

estimated revenue projection of \$1.3 billion over 30 years to be optimistic for several reasons. Wholesale revenue that does materialize must be shared with the Center for Rural Development.

The key question is who authorized the significant changes to the original terms of the RFP that placed 93 percent of the financial burden on the state with no legislative input.

In response to questions from Senator Carroll, Mr. Harmon said the Commonwealth changed financing for the project because it was believed that buying tax-exempt bonds would save money. Mr. Hunt said these negotiations resulted in establishing the Kentucky Wired Infrastructure Company (KWIC), which transferred much of the risk to the Commonwealth. The procurement process for the KentuckyWired project was unusual. It was done as a Public-Private-Partnership (P3) before P3 legislation was enacted. Mr. Harmon said bids may have been different if the change in financing had been known to other vendors. Mr. Hunt said there is a separate revenue sharing memorandum of agreement between the state and the Center for Rural Development. The auditor's office cannot say how binding the memorandum is.

In response to questions from Representative Rothenburger, Mr. Harmon said the recent P3 legislation has safeguards in place to limit any one person from having the authority to place the state in so much debt. This project would have had more oversight from the General Assembly had the Capital Projects and Bond Oversight Committee meeting not been canceled prior to the sale of the bonds. [Note: In the meeting, it was stated that a Government Contract Review meeting that would have considered KentuckyWired was canceled. LRC staff have confirmed that it was a meeting of the Capital Projects and Bond Oversight Committee that was canceled, which is reflected in the minutes.]

In response to questions from Senator Seum, Mr. Harmon said the auditor's report found that additional oversight and monitoring of the Kentucky Communications Network Authority (KCNA) is needed. Mr. Hunt said the missing money mentioned in the report refers to the loss of the K-12 funding. The original proposal stated that the Commonwealth would not pay for the project until it was completed, accepted, and ready. However, a stream of payments are being made rather than milestone payments—even without a completed network.

In response to questions from Senator West, Mr. Hunt said they spoke to internal attorneys who represented the Commonwealth, but not those who worked outside of state government due to attorney-client privilege. KCNA did not provide some documents, claiming attorney-client privilege. Senator West said the Commonwealth is the client and a malpractice suit may need to be filed to obtain the rights to see the documentation for the project. Mr. Hunt said that Macquarie is the primary vendor and brokered to bring other entities into the project. Those entities worked directly for Macquarie. The Commonwealth paid these entities to advise Macquarie and draw up contracts. These contracts appeared to be favorable to Macquarie. Mr. Harmon said he had never heard of a government contract

being issued before negotiations were completed.

Representative Bechler said Western Kentucky often gets overlooked in terms of revenue sharing. He also stated he does not believe that attorney-client privilege should not apply since there was not an individual client and that the Commonwealth should pursue action to retrieve the information.

In response to questions from Representative Bechler, Mr. Hunt said statute allows the Capital Projects and Bond Oversight Committee co-chairs to cancel a meeting. Mr. Harmon said the project settlement estimates that the project will be completed in 2020; however, that settlement has not been finalized. Before those negotiations, contractors estimated 2022. Mr. Hunt said further supervening events will push back any projected timeline. He did not know when the state would start making money, but there will be no revenue until the system becomes operational. The conservative cost projection is \$1.5 billion. Mr. Harmon said the state does not have a full obligation to make availability payments if the General Assembly stops funding them; however, we have a moral obligation so as not to affect the state's bond rating. If the new settlement agreement is not signed, a new RFP could be issued.

Representative Bechler said the entire project should be stopped and the state should deal with any lawsuits that are filed to prevent additional debt.

In response to questions from Representative Koenig, Mr. Harmon said there was a \$2 million good-faith payment during settlement agreement negotiations. Mr. Hunt said the portions of the network that have been completed cannot be brought online until an entire ring is operational. KCNA may be able to comment on the construction status of the project. Mr. Winfrey said Macquarie has a relationship with the wholesaler but is no longer part of the construction on the project. Mr. Hunt said Macquarie is no longer doing business in Kentucky. Mr. Harmon said as APA continues to review the procurement phase of the project, it could be discovered that Macquarie could not raise the necessary funding. Mr. Harmon said it is difficult to determine what the value of the project infrastructure will be.

Representative Koenig would like someone to try to determine the value of the infrastructure once the project is complete. He said there seem to be three options that led to the current status of the project: gross incompetence, a complete disregard for taxpayers, or something nefarious.

In response to questions from Senator Carroll, Mr. Brown said KCNA is preparing a response to the auditor's report. None of the reported problems are surprises. Completed sections of the network cannot be lit until the Commonwealth Data Center in Frankfort is connected. Some portions may be able to be brought online without the entire ring being completed, but there will not be any redundancy. None of the sites have redundancy at this time.

In response to questions from Senator Thomas, Mr. Harmon said that it is difficult to estimate what the completed project will cost. Current supervening events, not including easements, are still being settled. Availability payments are included in the cost and several other items are not quantified. Mr. Harmon said not making bond payments is an option, but is

not a good idea as it would hurt the state's bond rating.

In response to questions from Senator Buford, Mr. Harmon said the state's debt service for the bonds would be several hundred million dollars if the project is shut down. If the project is shut down without going live, it would save approximately \$1 billion.

In response to questions from Senator West, Mr. Winfrey said Macquarie is part owner of the project operations company. Mr. Hunt used a chart to show that Macquarie is not part of the construction and operation. KWIC, a Commonwealth-created entity, and KentuckyWired Operations Company (KWOC), a Macquarie affiliated company, are now in charge of those areas. Mr. Winfrey said all private partners in the project have put in \$4.2 million in equity. Mr. Harmon said that from a government standpoint, an example of a good P3 is the Indiana Toll Road project. Mr. Brown said the repayment of the private-partner equity contribution is part of the availability payment schedule. He said he will send an explanation of KWOC's equity owners and its breakdown to committee staff. KWIC transferred all its responsibilities to KWOC through the project agreement to build and maintain the network. KWOC then transferred its construction responsibility to the Next Generation Kentucky Information Highway. KWOC transferred its service responsibility for the maintenance of the network for 30 years to another entity called the service provider. However, these transfers of responsibilities do not relieve KWOC or its owners of the responsibility to build the network for Kentucky.

In response to questions from Representative Simpson, Senator Carroll said the contract for the project was scheduled to go before the Capital Projects and Bond Oversight Committee, but the meeting was canceled. Perhaps in the future a contract should be required to go through committee before being awarded. Mr. Harmon said the General Assembly should have some final approval as well, especially on a contract of this magnitude. The current P3 legislation requires that projects over \$25 million be approved by the General Assembly, but this legislation does not go into effect until 2020. Mr. Hunt said he would have to review whether the Commonwealth has provisions in the project agreement regarding private partners assigning responsibilities to other entities.

Representative Simpson said buffers need to be created to protect taxpayers so they will not bear the brunt of failed endeavors. P3s are good in theory but in many instances they are not fair transactions.

Representative Bechler clarified he is not in favor of not making bond payments. He also said he did not know of any financial institution that was given 10.2 percent interest as when this contract was awarded. Typically, if getting compounded interest, that interest is received at the end of the term. With the exception of paying the bonds, the project should be ended.

Senator Carroll said the auditor's report is available on the LRC website under the committee's meeting materials.

In response to a question from Representative Rothenburger, Senator Carroll said the staff report on

surplus state property is ready. This and other reports will be presented at future meetings.

The meeting adjourned at 11:55.

DIABETES MEDICAL EMERGENCY RESPONSE TASK FORCE

Minutes of the 2nd Meeting of the 2018 Interim

October 8, 2018

Call to Order and Roll Call

The 2nd meeting of the Diabetes Medical Emergency Response Task Force was held on Monday, October 8, 2018, at 3:00 PM, in Room 171 of the Capitol Annex. Senator Ralph Alvarado, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Ralph Alvarado, Co-Chair; Representative Danny Bentley, Co-Chair; Senator Reginald Thomas, Representatives Mary Lou Marzian and Addia Wuchner; Chris Bartley, Gregg Bayer, Chad Burkhart, Robert Couch, and Troy Walker.

Guests: Randy Lawson, Professional Firefighters Association; Dr. Ryan Stanton, Medical Director, Lexington Fire and Emergency Medical Services; Dr. Cathy Hanna, President, Kentucky Board of Pharmacy; Brian Diamond, Student, College of Pharmacy, University of Kentucky; Samantha Klein; Angela Lautner, Founder, Group Leader, and Sarah Ferguson, Advocate, KOI#insulin4all (Kentucky, Ohio, and Indiana).

LRC Staff: Chris Joffrion, Lead Staff, and Becky Lancaster.

Approval of Minutes

A motion to approve the minutes from the September 20, 2018 meeting was made by Representative Marzian, seconded by Chris Bartley, and approved by voice vote.

First Responders' Perspective on Diabetes

Dr. Ryan Stanton, Medical Director, Lexington Fire and Emergency Medical Services, stated that roughly 15 percent of the United States population is diagnosed as diabetic and another approximate 5 percent has diabetes but are undiagnosed. Approximately one-third of the United States population lives with prediabetes. There are two types of diabetes, Type 1 and Type 2. If a patient has Type 1 diabetes, the body does not make insulin that can be used for energy and activity. If there is no insulin, the body will think there is no glucose and start to break down other fuel sources. Glucose is the only fuel source of the brain. The brain does not have the ability to break down or make another fuel source. Type 1 diabetic patients must have insulin to survive. The only route of administering insulin is by an injection or by an insulin pump that gives insulin directly and constantly in varying doses to the patient.

If a patient has Type 2 diabetes, the body does make insulin but there is an imbalance in the amount of glucose and insulin and the body is not able to process it properly. Hypoglycemia is the most common diabetic emergency encountered in the field. Hypoglycemia occurs when the amount of glucose in the blood falls below the normal lower limit. The most common sign of hypoglycemia is an altered mental status. Hyperglycemia is the term for a high blood glucose level. Extremely hyperglycemic

patients may suffer from diabetic ketoacidosis (DKA) or hyperglycemic hyperosmolar nonketotic syndrome (HHNS). DKA is more common in the Type 1 diabetic, whereas HHNS is more common in the Type 2 diabetic. In both conditions, the blood glucose level increases drastically. The signs and symptoms of DKA are produced primarily by dehydration and acid build-up. Treatment is not necessarily insulin, with hyperglycemic episodes the initial treatment is fluids.

Gregg Bayer, President, Kentucky Association of Fire Chiefs, stated that the entry level emergency medical technician (EMT) will complete 160 hours total course instruction. An EMT can ride in an ambulance and provide basic life support. The next level is an advanced EMT. The advanced EMT will complete 250 hours total course instruction and can administer intravenous (IV) fluids and certain cardiac medications. The third level is a paramedic. A paramedic must complete 1200 hours total course instruction. Paramedics can administer drugs such as diuretics, narcotics, or benzodiazepine. Each level of EMT must also complete a 1 hour continuing education unit (CEU) every two years that is specific to diabetic emergencies.

A typical diabetic run is to someone who is a known diabetic, usually hypoglycemic, with a decreased level of blood sugar. The paramedic will assess the patient and their history, establish an airway, and if the blood sugar is below 60 ml administer glucose through an IV injection. After administering glucose the patient typically wakes up and is conscious. Many times patients will refuse to be transported to the hospital. If the patient suffers from DKA, the blood sugar level is elevated, the patients are semi-conscious or lethargic and cannot consent or refuse treatment. DKA patients are typically transported to the hospital.

Troy Walker, President, Kentucky Ambulance Providers Association, stated that Muhlenberg County has approximately 6,000 emergency medical service (EMS) runs a year. Approximately two percent of EMS runs are diabetes related with 90 percent of the EMS runs being hypoglycemic in nature. Most of those patients do not go to the hospital. During a typical diabetic EMS run patients receive IV fluids and medication. If a patient is not transported to the hospital the ambulance service does not get reimbursed for any of the supplies used or equipment costs.

Mr. Bayer stated that the community paramedicine program identifies, in a prehospital setting, groups of people that are at risk for a medical emergencies, including diabetes. Community paramedicine workers will proactively seek them out, ask questions, help them with supplies and doctors' visits, or be an advocate for the patient. The community paramedicine programs decrease emergency calls and costs to the patient and insurance company. Dr. Stanton stated that two men in Lexington operate a similar program. The Lexington program has decreased EMS runs by 5,000 over the last five years.

In response to questions from Representative Wuchner, Dr. Stanton stated that approximately one out of every 50 EMS runs are diabetes related. In most pediatric EMS cases that involve Type 1 diabetes, the patient has not been previously diagnosed. Pediatric symptoms originally present similar to flu or virus

symptoms. Mr. Bayer stated that the premise of the community paramedicine program is to identify a group of super users, people that have 50 to 60 diabetic EMS runs in a two month period. Dr. Stanton stated the idea of community paramedicine is giving a person who is vulnerable a personal advocate.

In response to questions from Senator Thomas, Dr. Stanton stated that access to care is multifactorial. A patient may need gas for their car, a ride to an appointment, medications can be cost prohibitive, or the patient may need help understanding prescription instructions. Community paramedicine workers try to understand the patient's barriers and work to tear down the barriers to improve the patient's health. Mr. Bayer stated that the majority of the people seen want access to healthcare but escalating healthcare and prescription costs make access difficult. Mr. Walker also sees problems with access to healthcare and affordability.

In response to questions from Senator Alvarado, Dr. Stanton recommended that the legislature not mandate management of the people that work on the front lines. He advocated that the front line workers have access to the tools necessary to help patients. Mr. Bayer recommended that legislation be passed to address EMS systems cost recovery when a patient is not transported to the hospital.

In response to questions from Dr. Couch, Mr. Bayer stated that the initial partnership with the community paramedicine program was to be established with a hospital but that has not happened at this time. The premise was to reduce the amount of emergency room visits and overload of patients. The community paramedicine program does not bill patients. Dr. Stanton stated that the Lexington community paramedicine program is funded by a grant scheduled to end in December 2018. Mr. Walker stated that EMS services follow Medicare guidelines and that Medicare does not reimburse for a non-transport EMS runs. He stated that there are five beta test sites for community paramedicine programs in Kentucky. Medicare is studying those test sites to see how the program is working and how much money will be being saved.

Emergency Prescription Refills

Dr. Cathy Hanna, President, Kentucky Board of Pharmacy, stated that pharmacists are highly trained health care providers who play key roles in helping patients with diabetes manage their conditions. The Board of Pharmacy has approved protocols that allow pharmacists to ensure patients with diabetes have access to diabetes testing supplies. Many pharmacists across Kentucky are certified diabetes educators with numerous Medicare certified diabetes self-management education programs in community pharmacies. Pharmacists are authorized by law to dispense a 72 hour emergency supply of non-controlled medications for conditions that are chronic and where interruption of therapy might be harmful to the patient. The law works well for tablets and capsules but is problematic for chronic medications such as insulin where a 30 day unit package cannot be divided. She recommended changing the law to allow pharmacists to dispense the smallest unit package for non-oral medications such as insulin.

In response to questions from Senator Thomas,

Dr. Hanna stated that she does not know if the pharmacy benefit managers (PBM) are making pharmacists sell a higher cost insulin because of a relationship with a pharmaceutical company. She stated there are incidents when the cash price of insulin could be cheaper than the insurance copayment depending on the insurance company's prescription formulary list. Brian Diamond, student, College of Pharmacy, University of Kentucky, stated that many longer acting insulins cash prices tend to more expensive than insurance copayments. He has seen that shorter acting insulins could possibly have a cheaper cash price. Dr. Hanna stated that pharmacists have to research to find the cheapest product for the patient.

In response to questions from Senator Alvarado, Dr. Hanna recommended that the smallest available unit, typically one 30 day vial of insulin, be able to be dispensed as an emergency prescription.

Insulin Drug Price Transparency and Emergency Prescription Refills

Angela Lautner, Founder, Group Leader, KOI#insulin4all (Kentucky, Ohio, and Indiana), stated that KOI#insulinforall is a grassroots group of volunteers across Kentucky, Ohio, and Indiana with a goal to promote public awareness of the rising costs of insulin. KOI#insulinforall encourages citizens to meet with legislators to discuss ways to help reduce the costs of insulin. Since her Type 1 diabetes diagnosis, she has seen the price of insulin climb without restriction or transparency. In 2017, all long lasting insulins, except one, was removed from her insurance plan's formulary due to cost by the PBM. She is now on an insulin pump that delivers Humalog to her body all day. In 18 years, the list price of a vial of Humalog has increased from approximately \$30 to \$274 with no changes to the insulin. There are only two quick acting insulins, Humalog made by Eli Lilly and Novolog made by Novo Nordisk. A study from BMJ Global Health stated that the production cost of a single vial analog insulin may cost no more than \$6.16. List prices are set by Novo Nordisk, Eli Lilly, and Sanofi, who control 96 percent of the world's market for insulin.

Some states are looking to see what can be done to get drug price transparency and answers to why the price of insulin keeps changing with no changes to the insulin. In March, people in Kentucky, Ohio, and Indiana gathered in Cincinnati to organize an action plan to bring the issue of increasing costs of insulin directly to the legislators in the tristate area. One hundred seventy three Kentuckians have signed a petition to raise awareness about the rising price of insulin. Each signature on the petition is someone either purchasing insulin with Type 1 diabetes or has insulin dependent Type 2 diabetes. The American Diabetes Association has started a petition directed to the federal legislators to begin the discussion about the price of insulin.

Samantha Klein testified that she is a Type 1 diabetic and wears an insulin pump. She puts insulin into her pump once every three days, one vial of insulin is approximately one and a half weeks supply. She had an incident where she received her sealed insulin vial from the pharmacy and opened it at home to find it shattered. She could not use the insulin. She was due

for a refill and checkup with her endocrinologist but not until the next week. She could not immediately reach her endocrinologist because it was after office hours. She called her mother for assistance. Her mother, Sarah Ferguson, Advocate, KOI#insulin4all (Kentucky, Ohio, and Indiana), stated that she researched different ways she could get the insulin without a prescription. She recommended passing a law similar to one in Ohio called Kevin's Law, named in honor of Kevin Houdeshell who died from a lack of insulin. Pharmacists could then dispense a 30 day vial of insulin as an emergency prescription. Ms. Ferguson did receive insulin for her daughter from someone in her diabetes support community.

In response to questions from Representative Marzian, Ms. Klein stated that the cash price of a vial of Novolog insulin is \$300 per vial, with insurance she pays \$50 a month. Ms. Ferguson stated that if she broke a vial or needed more insulin she would have to pay the \$300 cash price ahead of time. Ms. Ferguson does not know if there is a replacement policy for broken vials at her pharmacy. Ms. Klein stated that her insulin comes in a sealed box that is specially delivered to the pharmacy, her prescribed insulin is not kept in stock at the pharmacy.

Adjournment

There being no further business, the meeting was adjourned at 4:38 PM.

SCHOOL SAFETY WORKING GROUP

Minutes of the 6th Meeting of the 2018 Interim

October 8, 2018

Call to Order and Roll Call

The 6th meeting of the School Safety Working Group was held on Monday, October 8, 2018, at 10:00 AM, in Highland Heights, KY, Northern Kentucky University (NKU). Senator Max Wise, Co-Chair, called the meeting to order and the secretary called the roll.

Present were:

Members: Senator Max Wise, Co-Chair; Representative John Carney, Co-Chair; Senators Danny Carroll and Johnny Ray Turner; Representatives John Blanton, George Brown Jr., and Brandon Reed; Jon Akers, Joe Bargione, Jerry Humble, Nasim Mohammadzadeh, Alex Payne, Andy Smith, and Henry Webb.

LRC Staff: Yvette Perry, Christal White, and Lauren Busch.

Senator Wise recognized NKU Presidential Ambassadors Allison Weihe, Ramona Rowan, and George Ivan for assisting and preparing for today's meeting.

Representative Carney reported the National Conference of State Legislators (NCSL) was impressed with Kentucky's accomplishments regarding school safety.

Mr. Van Nadler, VP of Student Affairs, NKU, invited the committee and audience to explore NKU's expanding campus. His office, which oversees the campus police department, was recognized this year as the third safest campus in America and one of the safest towns in America. Mr. Nadler provides updates on campus public safety initiatives and

ensures students focus only on learning while at any postsecondary institution.

District 24 Senator Will Schroeder, a 2008 graduate of the NKU law school, said the university has experienced tremendous growth. He encouraged members to further explore the campus upon adjournment of the SSWG meeting.

Approval of Minutes

On a motion by Representative Reed and a second by Senator Carroll, the minutes of the September 10, 2018 meeting were adopted by voice vote.

Mom's Demand Action for Gun Sense in America

Representing Mom's Demand Action For Gun Sense in America were Connie Coartney, Crestwood, Karl Stankovic, Magnolia, and Julie Kuhnhein, Ft. Thomas.

Ms. Coartney, Kentucky Chapter Lead for Mom's Demand Action, said the group was created by Shannon Watts on December 14, 2012, following the Sandy Hook school shooting. Because Ms. Watts was unable to find a support group addressing gun safety, she created a volunteer-led, non-partisan, grassroots organization. Mom's Demand Action now has chapters in fifteen states with over five million supporters. As the largest gun violence prevention organization in the country, Mom's Demand Action members include parents, grandparents, survivors, gun owners, educators, veterans, medical professionals, and anyone concerned about gun violence. The group's primary focus is the safety of children at home, school, or play.

Ms. Coartney said arming teachers is dangerous and irresponsible and ignores research that gun presence in schools increases risks posed to children. While the majority of states realize the danger in arming teachers and staff, in the nine states who passed legislation to allow guns in schools, many schools have opted out. During this year alone, 15 states defeated legislation to allow guns in schools. Ms. Coartney said arming teachers creates an illusion of protection for students while actually putting them in more danger.

According to a recent survey, a majority of children are aware of where parents store their guns, more than one-third of children surveyed reportedly handled parents' guns, and 40 percent did so without parental knowledge. Regardless of age, unsecured access to a firearm doubles the risk of homicidal deaths and is the second leading cause of death in American children and teens. Many unintentional or self-inflicted shootings are fatal.

Ms. Coartney said several instances of gunfire on school grounds this year were reported as accidental discharges from professionals' weapons. While gun lobbyists think arming teachers will deter and stop active school shooters, Mom's Demand Action disagrees. According to FBI reports on 250 active shooter situations, armed civilians successfully stopped the shooter in only seven cases. In contrast, unarmed civilians intervened in 22 incidents and ended the threat in 59 percent of the cases. Ms. Coartney said armed civilians endanger law enforcement, delay law enforcement response, and pose a risk to innocent bystanders during active shooter situations. Teachers face constant distractions

without guns in schools and Mom's Demand Action believes schools opting in may face legal and liability issues. Ms. Coartney said arming teachers will place a financial burden on school districts and ultimately on taxpayers due to the costs of training and providing firearms and ammunition. America's teachers, school safety experts, and law enforcement officers agree that arming teachers is a risk.

A National Teacher's Association (NTA) poll showed 82 percent of teachers said they refuse to carry a gun to school, including 63 percent who are actual gun owners. Two-thirds said they would feel less safe if teachers and educators are allowed to carry weapons. Sixty nine percent of National Education Association (NEA) members said arming school personnel is ineffective in preventing gun violence. Ms. Coartney said protecting children with gun safety laws is more effective when proactive, common sense solutions are used, such as background checks for all gun sales and red flag laws, also known as Extreme Risk Protective Orders, for domestic abusers.

Under current federal law, criminal background checks are required by licensed dealers only and creates an easily exploited dangerous loophole. Connecticut's legislation requiring background checks on all gun sales lessened the homicide rate by 40 percent and suicides by 15 percent.

Red flag laws empower judges to temporarily block a person from possessing a gun if they are a danger to themselves or others. In the Parkland, Florida shooting, the mother or police could have prevented the tragedy had this been law. Mom's Demand Action said domestic violence abusers or those with restraining orders against them should not be allowed to purchase guns, should relinquish any weapons in their possession, and legislation should include all abusers, regardless of relationship status. With October as Domestic Violence Awareness Month, Ms. Coartney said gun access in domestic violence cases increases the chance of an incident more than five times. For children under the age of 13, homicides are often connected to domestic or family violence.

Research shows that an estimated 4.6 million children live in homes with at least one loaded, unlocked and unsecured gun. Roughly 300 children under 17 years of age gain access to a gun and shoot another person or themselves unintentionally and another 500 die by suicide. Most of these deaths are preventable with responsible gun storage.

Ms. Coartney said Mom's Demand Action instituted a Be SMART Program to address responsible gun behavior. Secure guns in homes and vehicles, Model responsible behavior, Ask about unsecured guns in other homes, Recognize risks of all teen suicides, and Tell your peers about the Be Smart Program. Preventive measures and proactive approaches such as student mental and emotional health support, school safety experts and trained law enforcement professionals' recommendations, and opinions from educators are needed to avoid further incidents.

Mr. Stankovic, a retired former federal agent and special response team supervisor with the Bureau of Alcohol, Tobacco, Firearms and Explosives, developed and implemented judgement and situational training

for local law enforcement facilities. He said veterans and retired law enforcement officers may need additional and current training to become an effective School Resource Officer (SRO).

Mr. Payne, Commissioner of the Department of Criminal Justice Training, said becoming an officer in Kentucky requires completion of one of Kentucky's four police academies. Kentucky League of Cities and Kentucky Association of County Officials are the primary insurers for officers and require 40 hours of training for officers each year. Eight thousand to 9,000 police officers complete in-service firearms training based on judgmental shootings, actual scenarios, and reactionary environments. In-service training is far more extensive than a simple conceal-carry course.

In response to Senator Carroll's question, Mr. Stankovic said specific training parameters must be established for SROs. Another concern of Moms Demand Action is while SROs are certified, school officials admit they are unaware of specific training requirements.

In response to a question by Sen. Wise, Ms. Coartney said the 50 Mom's Demand Action chapters focus on school safety but the organization has no official stance on SROs.

Dr. Bargione agreed preventive measures are necessary. Responding to his question, Ms. Kuhnhein said Mom's Demand Action wants focus placed on social and emotional health through increased counselors, trained student leaders, and educational programs. Preventive and proactive approaches help students learn to identify and recognize emotions and respond in a way that is not destructive or hurtful. She encouraged districts to seek additional federal funding to reach these goals.

Senator Carroll said Marshall County's comprehensive, effective, and sustainable training includes social and emotional wellness and trauma-informed care for current and new teachers.

Postsecondary Campus Safety

Senator Wise introduced Bob King, President of the Kentucky Council on Postsecondary Education (KCPE). He and Representative Carney congratulated Mr. King on his promotion to Assistant Secretary for Postsecondary Education under US Department of Education (USDE) Secretary Betsy DeVos. Mr. King will continue working on school safety issues with active Secret Service Agent Mike Deguess who created school safety proposals similar to the protection of the President.

Mr. King introduced the presenters as Todd Gray, Kentucky Community and Technical College System (KCTCS); Tim Gray, Western Kentucky University (WKU); and Gary Lewis, University of Louisville (U of L).

Tim Gray, Public Information Officer at WKU, began his profession at WKU in housing and residence halls before earning a Master's Degree in Higher Education, Counseling and Student Affairs. He joined the WKU Police Department in 2011 and serves on the FBI Joint Terrorism Task Force, Louisville Division. Mr. Gray is a graduate of the Academy of Police Supervision and is a Defensive Tactics Coordinator. He has served in Rape Aggression Defense, has been a patrol officer, and has certificates in Leadership Studies and from the Dynamic Leadership Institute.

Todd Gray, Director of Safety and Emergency Services at KCTCS, previously served as an environmental health and safety lead. He is a retired lieutenant of the Lexington Fire Department and spent several years in local and statewide safety positions in North Carolina and Kentucky. Mr. Gray is a certified Fire Inspector and holds a degree in Criminal Justice and certificates in Emergency Management, Homeland Security, and from the National Association of Safety Professionals.

Gary Lewis, Director of Campus Safety and Chief of Police, is in charge of implementing and maintaining a campus safety plan and enforcing rules and regulations. A former Chief of Police at Cleveland State University, he served 22 years with the Ohio State Highway Patrol before retiring as a commander, served as Senior Director of Media and Public Relations at Ohio State University, and is an FBI National Academy graduate.

Western Kentucky University

Mr. Tim Gray said WKU's jurisdiction is the main campus, surrounding streets, and any WKU owned or controlled property. WKU has a population of roughly 25,000 students, 25 sworn police officers, 9 communication officers, and 2 student workers. Although WKU officers hold state law enforcement powers, their primary focus is to provide needs of the community as it relates to students, faculty, and staff.

With active shooter trainings becoming as common as tornado and earthquake drills, officers are trained to respond quickly. WKU's mutual aid assistance and unified command training with local, city, state, and federal agencies offers additional resources to provide an organized resolution to an incident. The National Center for Education Statistics (NCES) said the hiring of SROs had increased by 17 percent.

WKU equips officers with body cameras, combat tourniquets, quick clots and bandages, ballistic vests and helmets, medical kits, breaching tools, AR-15 rifles, and extra ammunition. In 50 percent of single-officer entry cases, one-third of police officers were shot. Statistics show the attacker was shot in 62 percent of incidents, the attacker was subdued 13 percent of the time, and the suspect killed himself 25 percent of the time.

An amendment to the 1990 Jeanne Clery Act required institutions of higher education to collect and report campus crime statistics and use a multi-modal emergency warning system to disperse information as quickly as possible. This is accomplished through text messaging, email, social media, sirens, common area electronic signs, desktop alerts, and WKU's website. WKU holds a weekly campus partners group meeting to ensure at-risk individuals are on everyone's radar. The university's RAVE Guardian App encourages students to register phones and create personal profiles to allow dispatchers to immediately provide police with a GPS location. Students accessing strategically placed emergency campus phones are immediately connected to dispatch. A light atop the phone flashes to attract attention, the closest camera in the vicinity automatically turns to view the area, and a student's location is pinged. These measures help save lives by reducing response times.

WKU created a Run, Hide, Fight training

video to help students, staff, and the community to understand what actions to take in an active shooter event. It stresses the importance of being aware of surroundings at all times. WKU takes pride in community, police, and crime prevention programs to be part of the solution.

KCTCS

Mr. Todd Gray said KCTCS is a statewide commuter campus program with a total enrollment of about 107,000 students. Forty seven percent of KCTCS students are part time, 53 percent are full time, and over 40,000 students are over the age of 25. Over 17,000 students are enrolled in dual credit courses online or on campus. KCTCS has no residence halls but has 16 colleges in 53 towns and cities with over 70 facilities.

KCTCS created a system coordination and public safety group at each college to share ideas, experiences, resources, and individual case studies. Emergency Operations Plans (EOP) are based on risk assessment to manage crises on campus and training has been increased regionally and statewide based on the EOP of each college. Mass notification processes are evaluated through training exercises and components of the plan are tested with revisions and updates as needed. Mr. Gray said the Safety Notification Alert Process (SNAP) mass notification system is used by KCTCS and generates emergency e-mails, phone calls, and SMS text messages. SNAP is available for students, faculty, staff, and parents and is activated immediately detailing the type of emergency that exists. KCTCS has crisis management teams (CMT) and uses a multidisciplinary approach to discuss response during and after a crisis event. CMTs meet regularly to communicate current issues related to their respective colleges.

Equally important is a process to address potential crisis events prior to an event. Behavioral Intervention Teams (BIT) provide administrators, faculty, staff and students with a means to report concerns about behavior that poses a threat to students, faculty, staff, or the community. BITs link distressed individuals to appropriate services while balancing individual safety rights with the safety rights of others.

Mr. Gray said KCTCS objectives are a foundation of transparency, team interaction, improved communications, and continuous training. These programs and initiatives provide an approach for future enhancements in security and safety at all KCTCS college sites. KCTCS's mission is to provide a safe learning environment for students, faculty, and staff.

University of Louisville

Chief Gary Lewis, U of L, said the integrity of college's and universities' safety and security is vital to its law enforcement agency, as public perception matters. He said "predictable is preventable." From a risk management perspective, emergency preparedness is critical, including severe weather alerts, National Incident Management Training, sexual assault reporting and notification, interoperability and communication, and active shooter training. Strategic planning at U of L includes creating partnerships with local, state, and federal agencies to conduct risk and threat assessments to evaluate needs of the campus community. All Kentucky campus

police departments have mutual aid agreements with federal, state, and local agencies to provide immediate assistance support during critical incidents or crises.

U of L's safety message and theme, *Safety is Our Cardinal Rule*, is constantly reinforced to students, faculty, and staff. Community relations promotes vision, including partnerships with other law enforcement agencies. Using realistic and Clery Act data, building public perception for understanding and support, engaging stakeholders and key audiences in program initiatives, building on success and innovation, and recognizing trends strengthens stakeholder dialogue. U of L created a Facebook page and Twitter account for better communication.

Chief Lewis said U of L looked at predictive models of specific days and times national school shooting crises took place and utilized resource reallocation models to address specific issues.

In response to a question by Senator Carroll, Mr. Todd Gray said the cost of personnel, training, cameras, capital projects, and access control for lockdowns is not within their budget. He said getting competitive salaries to minimize turnover is essential.

Representative Carney said various vendors can provide technology for communication at all levels but providing a positive and engaging environment, providing mental health awareness and access, building partnerships, focusing on training for SROs, and working on communication issues with all government entities are critical in finding a common sense solution to school safety.

Major General Humble said officers should engage in live-fire shoot houses located throughout Kentucky. In his opinion volunteers, teachers, previous law enforcement, or military are welcome as long as they have psychological evaluations, qualifications, and active shooter training. Major General Humble said SRO training needs to be analyzed as well. Mr. Akers expressed concern about putting guns in the hands of people who are not trained law enforcement officers.

Mr. Payne agreed with Representative Carney that school safety requires a multi-pronged approach. He said additional mental health professionals, extensively trained security officers, and controlled physical security are crucial for a comprehensive approach to school safety.

Responding to a question from Senator Wise, Mr. Tim Gray said school safety videos are typically included in orientation training at the beginning of the year; however it can be problematic ensuring all students participate in the training. One all-inclusive solution is for professors to allow safety training during all of their class periods.

Chief Lewis advocates school safety training two to three times per year to target incoming transfer students. He said being proactive and reinforcing school safety consistently over the course of the year is important.

Retired Officer Legislation

Senator Carroll said there is confusion between a SRO and a SLEO (Special Law Enforcement Officer). During the 2018 Regular Session, House Bill 366 made efforts to create an option for more retired officers to become SLEOs while being allowed to retain current state benefits. However, a drafting error in the legislation included SROs but omitted

SLEOs, requiring a statute change in the 2019 Regular Session.

Mr. Larry Zacheretti, District School Resource Officer Supervisor in McCracken County School District, is a retiree of the Paducah Police Department and has been responsible for running what is considered to be a model SLEO program in McCracken County for 13 years.

The SLEO Program was implemented in 1998 subsequent to the 1997 Heath High School shooting after realizing it was an option to hire their own law enforcement officers through the Justice and Public Safety Cabinet. McCracken County has 8 security officers and an enrollment of 7000 students, a ratio of 875 students to one SLEO. McCracken County's SLEOs are former or retired police officers, Peace Officer Professional Standards Act (POPS) certified, and graduates of the Department of Criminal Justice Training (DOCJT) Academy with district wide jurisdiction. Along with 40 hours of DOCJT training, the officers qualify on the shooting range three to four times every year.

Consolidated from four high schools to one school, the officers cope with typical fights, threats, thefts, truancy, drugs, alcohol, vapes, knives, and guns. McCracken County has over 300 surveillance cameras throughout their schools and 150 surveillance cameras in the high school alone. Cameras are an investigative tool and a great deterrent because kids know they are being watched. He said many of the ideas presented today are used in McCracken County.

Mr. Zacheretti said active shooter, fire, and natural disaster drills are conducted for SLEOs and staff. One Call Now, a mass communication system, is utilized to warn students, staff, and parents on an emergency basis. Additionally, McCracken County offers several beneficial online training programs for staff and students.

McCracken County chose to use a SLEO program rather than subcontracting through local law enforcement agencies because of the advantages of officers working directly under the control of the Board of Education and Superintendent. Most applicants for SLEO positions are retired police officers. Mr. Zacheretti said it is advantageous to hire police officers with experience, training, certifications, and familiarization with weapons.

In response to a question from Representative Carney, Mr. Zacheretti said SLEOs have district wide jurisdiction including bus stops, buses, and even while travelling to out of town events. McCracken County schools investigate their own crimes and gets assistance from local law enforcement agencies if serious felonies occur. They complete KSP reports and work with the County Attorney's office and court designated workers.

Responding to a question from Senator Carroll, Mr. Zacheretti said the McCracken County budget of \$350,000 per year includes salaries, equipment, uniforms, vehicle maintenance, ballgames, and extracurricular activities involving overtime. McCracken County has been very supportive of the SLEO program and the board provides some funds for the cost of the cameras.

Senator Carroll said with only 70 to 75 SLEOs working within the state's school districts, the

program is not being utilized widely. Once the health insurance aspect changes, more officers may be willing to become SLEOs.

In response to a question by Ms. Mohammadzadeh, Mr. Zacheretti clarified there are 150 cameras in the high school alone and over 300 throughout all 12 schools in their district. He said the climate is encouraging because cameras have affected how children behave. Mr. Zacheretti said surveillance cameras have no audio capacity and viewing access is limited without a court order. Mr. Akers clarified most surveillance cameras are not monitored in real time but record history should an event occur.

Senator Wise announced the SSWG will meet next on November 19th at 10 a.m. in Frankfort. The IJCE will meet on November 19th at 1 p.m.

The November 19, 2018 agenda will include a presentation from Jefferson County Public Schools. Another agenda topic may include insurance costs of school systems as it relates to school safety. Ms. Mohammadzadeh suggested a presentation by the Student Voice Team on the climate regarding school safety. Kentucky Youth Advocates have also reached out to the committee to present Medicaid billing.

Senator Wise also announced a meeting may be held at an off-site location in Eastern Kentucky as the SSWG wraps up in December. A date for that meeting has not yet been determined.

In response to a question from Dr. Bargione, Senator Wise said the committee hopes to have a report for the last meeting as to the direction Kentucky should go. He said while a task force dictates what is done legislatively, a working group simply reports on the information heard from the meetings. A working group does not draft legislation. Representative Carney suggested the SSWG have a conference call to make possible recommendations of action to be taken.

There being no further business, the meeting was adjourned at 12:40 p.m.

EDUCATION ASSESSMENT AND ACCOUNTABILITY REVIEW SUBCOMMITTEE

Minutes

October 16, 2018

Call to Order and Roll Call

The October meeting of the Education Assessment and Accountability Review Subcommittee was held on Tuesday, October 16, 2018, at 1:05 p.m., in Room 129 of the Capitol Annex. Senator Max Wise, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Max Wise, Co-Chair; Senator Mike Wilson; Representatives Derrick Graham, Regina Huff, and Steve Riley.

LRC Staff: Josh Collins, Lauren Busch, and Maurya Allen.

Report on Textbooks and Instructional Materials

Bart Liguori, Research Division Manager, Office of Education Accountability (OEA); Allison Stevens, Research Analyst, OEA; and Chris Riley, Research Analyst, OEA; were present to summarize their report

on textbooks and educational materials.

Mr. Riley stated that the major themes from the report are: there exists a collaborative process of print material selection and purchasing, and centralized technology planning; there has been a shift in expenditures from print to technology; and while access to technology has increased, some issues remain. Data used for the report included annual district financial reports from 2008 through 2017 as well as an instructional materials survey of superintendents conducted by OEA. Some data was also acquired from the Kentucky Department of Education (KDE) Technology Readiness Survey. Staff noted that the usefulness of the surveys varied based on the questions asked.

The Kentucky Education Technology Systems (KETS) Master Plan, developed and distributed by the Office of Education Technology, guides purchasing, developing and use of technology. It emphasizes instructional devices as central to incorporating technology into the learning environment. The plan encourages a low device to student ratio in districts and was supported by the Kentucky Technology Readiness Survey. The selection of textbooks is governed by KRS 156.405 which establishes the State Textbook Commission which is statutorily required to meet once per quarter and provide a state-sponsored listing of quality vetted instructional materials. The commission has not met since June 2015 and responsibility for selection of materials has fallen to the district and school level. Statute allows for Site Based Decision Making Councils to select basal textbooks and supplemental materials not on the state-approved list. Superintendents are then required to seek approval from the State Textbook Commission. In the absence of a commission, final approval has been made by KDE through the use of a District Off-List Notification Form. Local boards determine the allocation of instructional resource funding per school and district textbook coordinators and other district staff provide support during selection and vetting. Schools determine which materials will be used, per KRS 160.345(2), and request the quantities needed for their use.

In addition to use of print materials, there has been a significant increase in the use of digital instructional materials. Mr. Riley explained that there are advantages and disadvantages associated with using digital materials for students, teachers, and schools. For students, advantages include increased access, increased engagement, and more personalized learning. Notable disadvantages, though, include student distraction and device breakage. From a teacher's perspective, advantages include ability to easily and frequently update content, data-based decision making, and enhanced professional development and communication options. Teachers are at a disadvantage from outdated hardware and some teachers have yet to fully commit to using digital materials, preferring print materials. Disadvantages for districts and schools include costs for hardware and maintenance of the devices as well as sometimes unreliable networks. However, expenditures for hardware have been declining over time, and one of the advantages of increased digital material usage for districts is the corresponding decrease in printing

costs and large-scale print purchases for paper materials. Some districts still experience the need to purchase supplemental materials however, such as workbooks.

Funds from the general fund and special revenue funding have been used for the purchase of digital instructional materials and devices. Peak spending for these materials, after adjusting for inflation, occurred during the 2008 school year. Overall, districts have spent more than \$1.5 billion over the ten-year study period. Altogether, spending on technology, including spending that could not specifically be tied to instructional materials, accounted for 64 percent of spending, and hardware purchases alone accounted for approximately 40 percent of total expenditures. Spending on supplies has been on an upward trend, including purchase of supplemental software, but the spending for print materials and textbooks has decreased sharply from 2008 to 2014. Districts have increased spending in this category in recent years, but supplemental materials purchases have been flat since 2010. Instructional materials funding was not provided by the state budget from 2012 through 2014, but was restored in 2015. Mr. Riley stated that during years when funding is not provided, districts must utilize district level general funds or special revenue funds to purchase instructional materials. Spending per student on instructional materials, both print and digital, exhibits a wide range across the state, but the distribution of spending does not show any clustering in specific geographic regions. Average spending during the study period was \$242 per student. The technology-to-print expenditure ratio from 2008 to 2017 was also presented graphically and showed that 167 out of 173 total districts spent more on technology hardware than on print materials over the observation period. The overall statewide ratio of technology-to-print spending was two-to-one.

Ms. Stevens gave an overview of technology device usage, beginning with the Technology Readiness Survey, which reports the number of instructional devices owned by districts for student and staff use, including computers, tablets, e-readers, and smartphones. Districts have made great strides in providing devices for instructional use and reduction in the number of students per device from 2014 to 2017. Notably, 37 districts have increased devices by more than 100 percent. There have been comparable positive trends in use of more updated technology, both hardware and software. Increased usage of devices does raise questions of data privacy and data collection by outside vendors. The OEA survey found that over 80 percent of districts do not share student data for any reason, and vendors do not have rights to student data in a majority of cases. When data is shared, it is used for progress monitoring, ensuring reliability, or pilot program feedback.

Ms. Stevens said there has been a shift towards newer operating systems across the state. For example there were 173,000 more Chromebooks, and 63,000 more devices using Apple iOS 8. These findings support the OEA survey result that nearly 70 percent of districts desire securing a one-to-one student-to-device ratio. In 2014, only nine districts had achieved the target ratio. By 2017, 60 districts had achieved the target ratio, accounting for nearly 30 percent of

districts. At the school level, the KETS Master Plan recommends one device for every three elementary students. In 2017, 167 districts had achieved this goal. For secondary students, the KETS Master Plan recommends a ratio of one device to every student, and in 2017, 63 districts had achieved this goal, an increase of 44 districts from 2014.

In addition to use of technology devices, online courses and digital learning increase access to education regardless of students' physical location. The Technology Readiness Survey found that 157 districts offered online courses in 2017, an increase of nine percent from 2014. However, there remain differing levels of access to online course and wireless network connectivity for students at schools and at home. Ms. Stevens said school connection speeds depend on how many students and devices are in a district, and there is no established ideal connection speed for Kentucky schools. Nearly all schools report connection speeds of 100 megabits per second or greater, a statement corroborated by Education Superhighway, a non-profit research and advocacy group focused on internet usage in education. This finding indicates that 100 percent of Kentucky schools should be able to support one-to-one implementation of student device usage in schools. It is worth noting, however, that one in five students does not have a reliable network connection at home. Students without access will struggle to take advantage of school digital learning options, including the use of technology to meet attendance requirements of the Non-Traditional Instruction or "NTI" program for snow days.

Ms. Stevens summarized the findings, saying that while KRS 156.405 establishes the State Textbook Commission, the commission has not met since June 2015 and has not maintained minutes or a list of members since that time, and has not been involved in the process of selecting instructional materials. This responsibility has fallen to districts and schools as a collaborative effort. Secondly, in reviewing the 2018-2024 KETS Master Plan, there were conflicting measures of student attendance. Third, both the KETS Master Plan and the Kentucky Technology Readiness Survey are available online allowing citizens and policymakers to access information, to understand the technology strategy for Kentucky Education, and to see the progress that has been made. Lastly, from 2014 to 2017, Kentucky school districts have increased technology devices, reduced device-to-student ratios, and updated operating systems. However, the actual effects of increased technology tool acquisition on student learning and outcomes is still unknown.

There is a collaborative process of selection and purchasing of print materials and centralized technology planning for schools. Instructional materials have largely shifted from print to digital which has led to increased access to technology devices and digital education programs both inside and outside of the classroom, but some access issues remain.

In response to questions from Senator Wilson, Mr. Riley reiterated that the State Textbook Commission had not met since June 2015. This is likely due to lack of funding for instructional materials and payment of members. Schools must petition KDE using a

process set out online to use materials that are not on the recommended lists already approved by the commission.

Responding to questions from Representative Graham, Mr. Riley said there are some criteria established by adoption groups regarding which materials are recommended. At one time, adoption groups worked on a multi-year cycle, but that has been disrupted by the discontinuation of the commission. Representative Graham stated that re-instatement of the commission would be highly beneficial to the state. Mr. Riley said his research could not find information for the commission since the last meeting in 2015. There were no minutes since that time and no member. It is his understanding that all positions are vacant.

In response to questions from Chairman Wise, Ms. Stevens said the anticipation is that current devices will continue to be updated and there is no current projection of what the replacement for Chromebooks will be in the future. Mr. Riley said the primary support for Chromebooks is price and the ability for schools to pay for them using various grant funds.

Representative Riley made a motion to accept the report as presented. Representative Huff seconded the motion, which passed by voice vote.

Representative Graham made a motion to approve the minutes of the September 18, 2018 meeting, seconded by Senator Wilson. The motion passed by voice vote.

Senator Wise reminded members to submit suggestions for topics for the 2019 OEA Research Agenda to staff. He announced that the next meeting will be November 20, 2018 at 1:00 p.m. With no further business, the meeting was adjourned at 1:30 p.m.

CAPITAL PROJECTS AND BOND OVERSIGHT COMMITTEE

Minutes

October 16, 2018

Call to Order and Roll Call

The Capital Projects and Bond Oversight Committee meeting was held on Tuesday, October 16, 2018, at 1:00 PM, in Room 169 of the Capitol Annex. Senator Stan Humphries, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Stan Humphries, Co-Chair; Representative Larry Brown, Co-Chair; Senators Julian M. Carroll, Rick Girdler, and Christian McDaniel; Representatives Dennis Horlander, Steven Rudy, and Diane St. Onge.

Guests: Ms. Janice Tomes, Deputy State Budget Director, Office of State Budget Director; Mr. Scott Aubrey, Director, Division of Real Properties, Department for Facilities and Support Services; Ms. Donna McNeil, Executive Director, Kentucky Infrastructure Authority; and Ms. Sandy Williams, Deputy Executive Director, Office of Financial Management.

LRC Staff: Katherine Halloran, Committee Staff Administrator; Julia Wang, Legislative Analyst; and Rhonda Schierer.

Approval of Minutes (September 18, 2018)

A motion was made by Senator Carroll to approve the minutes of the September 18, 2018 meeting. The motion was seconded by Senator McDaniel and approved by voice vote.

Information Items

Ms. Halloran reported submittals from the McCracken County and Somerset Independent (Pulaski County) School Districts, bond issues for new projects for which no tax increases were necessary to finance, and the Office of Financial Management, the Semi-Annual Report of the Kentucky Asset/Liability Commission (ALCo) and the KRS 45.810(6) annual report of debt principal outstanding. Ms. Halloran also reported the KRS 26.A168(1), KRS 45.793, and KRS 45.818 Quarterly Capital Projects Status and KRS 45.760(9) Annual Capital Projects Status submittals.

Senator Carroll commented on the successful consolidation of the county high schools in McCracken County, referencing McCracken County High School's basketball and football teams.

Lease Report from the University of Kentucky

A motion was made by Senator Carroll to roll the two new leases into one roll call vote. The motion was seconded by Senator McDaniel and approved by voice vote.

Ms. Baker reported two leases in Fayette County for the University of Kentucky (UK). The first was additional space for the UK Office of Philanthropy for UK's new capital campaign. The square footage is 8,067 at \$14 per square foot [plus fit up amortization of \$1.90 per square foot] for a total annual cost of \$128,265.30.

The second was for expansion of UK Healthcare's Beyond Birth Program, a holistic approach for women with substance abuse disorders who have just had children or have small children. The new space is owned by the commonwealth and located next to Eastern State Hospital. The total square footage is 11,500 at \$12.30 per square foot for a total annual cost of \$141,450.00.

A motion was made by Senator Carroll to approve the leases, seconded by Representative St. Onge, and approved by unanimous roll call vote.

Project Report from the Finance and Administration Cabinet

A motion was made by Senator Carroll to roll two the new projects into one roll call vote. The motion was seconded by Representative Horlander and approved by voice vote.

Ms. Tomes submitted two new projects for the Department of Military Affairs, which the Secretary of the Finance and Administration Cabinet approved pursuant to KRS 45.760(7). The first was the 100 percent federally funded \$1,457,976 Disney Training Site Battalion Headquarters project in Knox County. The new headquarters will provide the Harold L. Disney Training Site administrative space for operations, equipment storage, and unit training coordination. The installation of a new security gate entrance and security equipment will enhance physical security measures.

The second was the \$1,243,200 Buechel National Guard Armory HVAC and Lighting project in Jefferson County, half federally funded with the remaining monies from Investment Income Maintenance Pool funds. The upgrades include HVAC, energy efficient

lighting, windows to current antiterrorism/force protection standards, ADA improvements, and replacement of vinyl composition tile flooring.

A motion was made by Senator Carroll to approve the projects, seconded by Representative St. Onge, and approved by unanimous roll call vote.

Ms. Tomes recognized Brigadier General Steven T. King for his recent promotion to the rank of brigadier general.

Senator Humphries thanked General King for his work in Kentucky and commented on the recent meeting of the Interim Joint Committee on Veterans, Military Affairs, and Public Protection Committee held in Hopkinsville regarding the Fort Campbell region. Senator Humphries extended an invitation to tour the military installations in the area.

Lease Report from the Finance and Administration Cabinet

A motion was made by Senator Girdler to roll the two lease renewals and one lease modification into one roll call vote. The motion was seconded by Senator Carroll and approved by voice vote.

Mr. Aubrey reported two lease renewals under the same terms and conditions. The first was for the Cabinet for Health and Family Services (CHFS) in Montgomery County, \$13.50 per square foot for 11,544 square feet of office space, through June 30, 2020.

The second was for the Department of Workforce Investment in Boone County, \$10.50 per square foot for 9,870 square feet of office space, through June 30, 2027.

Mr. Aubrey submitted a lease modification for CHFS in Fayette County. The modification rescinded the prior notice of termination and reduced the amount of leased space. The reduction was from 14,010 square feet to 4,011 square feet, reducing the annual rent to \$75,206.44, effective October 1, 2018.

A motion was made by Senator Carroll to approve the lease renewals and lease modification, seconded by Representative Brown, and approved by unanimous roll call vote.

Report from the Office of Financial Management

A motion was made by Senator Carroll to roll the four KIA loans into one roll call vote. The motion was seconded by Representative Brown and approved by voice vote.

Ms. McNeil first submitted a \$1,798,000 Fund A (Clean Water State Revolving Fund Loan Program) loan increase, resulting in a \$5,298,000 total loan amount, for Glasgow (Barren County) Water and Sewer Commission's completed [Southside Interceptor] project. The project upgraded a large portion of the southside interceptor to eliminate a sanitary sewer overflow and the loan increase will reimburse the utility for its cash expenditures. The utility will use the \$1.798 million to either purchase a new building or partially finance a transmission line. The documentation was in place to fund the loan increase upon execution of the supplemental assistance agreement. Project draw requests were either inclusive of the cash amounts previously funded internally or previously approved by KIA staff. Funds in the B (Infrastructure Revolving Loan Program)

and C (Governmental Agencies Program) programs were unavailable due to strong demand. The monthly sewer bill for 4,000 gallons is \$19.60. The term is 20 years with a .75 percent interest rate.

Ms. McNeil next submitted two Fund B loan requests. Calvert City (Marshall County) requested a \$542,900 Fund B Loan [Heights Phase IV Water Main Replacement – Cherry & Cedar Streets project] to finance the replacement of aging drinking water lines, increasing flows and improving service. Drinking water rates inside the city, as of January 2018, are \$14.95 per 4,000 gallons and \$22.57 outside the city. Sewer rates inside the city are \$28.09 for 4,000 gallons and \$42.19 outside the city. These rates are adjusted annually. The term is 20 years with a 3.0 percent interest rate.

Mount Washington (Bullitt County) requested a \$1,599,630 Fund B Loan [Bardstown Road Water Main Replacement project] to finance the replacement of water lines, improving flow and service. The inside the city water rate, effective July 2018, is \$29.88 and the outside the city rate is \$34.49 for 4,000 gallons. The sewer rate is \$29.88 for 4,000 gallons. The term is 20 years at a 3.0 percent interest rate.

Ms. McNeil submitted a \$121,319 Fund F (Drinking Water State Revolving Fund Loan Program) Director Level loan increase, resulting in a \$1,963,390 total loan amount, for the Green-Taylor Water District's [2018 Water District System Improvements in Taylor County] project. The project area will cover Green County as well and the loan increase is due to bids coming in higher than originally expected. The project will replace problematic mains as well as complete loops in the distribution system to allow better water turnover, reducing and eliminating disinfection byproducts compliance issues. The committee's approval of the original loan at its February 20, 2018 meeting was contingent upon Public Service Commission (PSC) approval of the district's 15 percent rate request. The district received approval for a 9.0 percent rate increase, effective August 2018 at \$40.73. The district is projected to meet the 1.1 debt coverage ratio requirement and Ms. McNeil asked for reapproval of the original loan with the loan increase for a total of loan amount of \$1,963,390. The term is 20 years with a 1.75 percent interest rate.

In explaining his aye vote, Senator McDaniel commented that he hoped the district was not pushing the outside bounds of its debt service coverage with the loan increase; that if the district were to experience a population shift or something similar, then the loan could be problematic; and that he was sure KIA would monitor the situation and report back to the committee.

A motion was made by Representative Rudy to approve the four loans, seconded by Senator Carroll, and approved by unanimous roll call vote.

New Conduit Debt Issues

A motion was made by Representative Brown to roll the two new conduit debt issues into one vote, seconded by Representative Rudy and approved by voice vote.

Ms. Williams submitted two new conduit debt issues, neither of which were an obligation of Kentucky Housing Corporation (KHC) or the

commonwealth. The first was the KHC's Tax-Exempt Conduit Multifamily Housing Revenue Notes, Series 2018 to finance the Puritan House Apartments project, a 247 unit property located in Louisville. The proposed date of sale was November 2018. The notes issue was a private placement for \$24 million and the developer was SOCAIR.

The second was KHC's Tax-Exempt Conduit Multifamily Housing Revenue Bonds, Series 2018 to finance the acquisition, rehabilitation, and equipping of the Westminster Village project, a 132 unit property located in Lexington. The proposed date of sale was November 8, 2018 for \$9.5 million, and a total project cost of just over \$17.8 million. The developer was Allied Real Estate Partners.

A motion was made by Senator Carroll to approve the conduit debt issues, seconded by Senator McDaniel, and approved by unanimous roll call vote.

Previously Approved Debt Issue

Ms. Williams reported the previously approved Kentucky Housing Corporation Tax-Exempt Conduit Multifamily Housing Revenue Bonds (Jefferson Green Apartments Project), Series 2018 bond issue, which sold on September 10. The bond proceeds were used to finance the acquisition, rehabilitation, and equipping of Jefferson Green Apartments, a 312 unit property located in Louisville. Amount issued was \$30 million and the total project cost was just over \$56 million. The bond issue was a public offering with Dinsmore & Shohl as bond counsel, Stifel Nicolaus as underwriter, and Huntington Bank as trustee.

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

Ms. Williams submitted 11 school district bond issues with School Facilities Construction Commission (SFCC) debt service participation [for new projects in the Anderson County, Boyle County, Christian County, Hazard Independent (Perry County), Mason County, McCreary County, Menifee County, Paris Independent (Bourbon County), Southgate Independent (Campbell County), and Walton-Verona Independent (Boone County) School Districts and a refinancing for the Nicholas County School District]. The total estimated new money issuance was slightly over \$42.09 million, with SFCC debt service participation of 35.6 percent. No tax increases were necessary to finance the new projects.

A motion was made by Senator Carroll to approve the school district bond issues, seconded by Senator Girdler, and approved by unanimous roll call vote.

In response to queries from Senator McDaniel, Ms. Halloran clarified that some entities were unaware of KRS 45.760(9) reporting requirements, annual submittal of a list and summary description of incomplete capital projects including project expenditures; however, all entities agreed to submit a report.

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

TASK FORCE ON TAX EXPENDITURES

Minutes of the 4th Meeting of the 2018 Interim October 25, 2018

Call to Order and Roll Call

The 4th meeting of the Task Force on Tax Expenditures was held on Thursday, October 25, 2018, at 3:00 PM, in Room 102/104 of the Health Innovation Center on the campus of Northern Kentucky University, Highland Heights, Kentucky. Representative Ken Fleming, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Ken Fleming, Co-Chair; Senators David P. Givens, Morgan McGarvey, Dennis Parrett, and Wil Schroder; Representatives Jason Petrie, Diane St. Onge, and James Tipton.

Guests: Jason Bailey, Executive Director, Kentucky Center for Economic Policy; Pam Thomas, Senior Fellow, Kentucky Center for Economic Policy; Jordan Harris, Executive Director, Pegasus Institute.

LRC Staff: Jennifer Hays, Cynthia Brown, and Chase O'Dell.

Approval of Minutes

Representative Tipton moved that the minutes of the August 30, 2018, meeting be approved. Representative Petrie seconded the motion, and the minutes were approved by voice vote.

Tax Expenditures

Jason Bailey, Executive Director, Kentucky Center for Economic Policy, and Pam Thomas, Senior Fellow, Kentucky Center for Economic Policy, discussed tax expenditures.

Mr. Bailey testified that the effects of state and local taxes on the behavior of businesses and individuals are small. All business taxes account for 1.8 percent of total costs for businesses on average. Other factors are more important when a business determines where to locate or expand. More than 80 percent of yearly job creation in any state comes from businesses already in-state. Taxes at the state and local level only have a small or negligible impact on an individual's decision to migrate.

Mr. Bailey stated that public investments in education and infrastructure increase workforce productivity and the strength of the economy. Taxes are not a strong contributor to growth that comes from outside the state. The income tax in Kentucky is slightly progressive, and the sales tax is very regressive.

Mr. Bailey testified that unless a tax expenditure has a sunset date, it will exist in perpetuity and never be revisited or evaluated. The goal should be to limit tax expenditures as much as possible, but pointed out that the exemption of sales tax on groceries is an expenditure that should be kept. A sales tax on groceries is regressive. Tax exemptions should be kept on utilities and prescription drugs.

Related to an additional tax expenditure that should be created, Mr. Bailey said that the Earned Income Tax Credit (EITC) is a tax expenditure that has a strong base of evidence to show cost effectiveness.

Pam Thomas testified that action on several tax expenditures should be taken, including eliminating the retirement income exclusion, capping the itemized deductions for individuals, and performing more analysis on the film industry tax credits, the angel investor tax credit, and the Tax Increment Financing (TIF) Program.

Ms. Thomas stated that no one in Kentucky has the data to analyze the effectiveness of these

economic development incentive programs in the state. There needs to be more data to analyze whether the incentive programs really work.

Ms. Thomas said that the film industry tax credits need to be analyzed and looked at again. The angel investor tax credit should be reviewed. The Tax Increment Financing (TIF) program should receive more analysis.

Ms. Thomas advocated for the freezing of the state property tax rate and for applying the hospital provider tax to current revenues rather than 2006 revenues. She advocated for taxing Advanced Deposit Wagering (ADW) and Instant Racing at the same rate as live bets.

In response to questions from Representative Petrie, Ms. Thomas stated that the Kentucky Center for Economic Policy (KCEP) recommendation was not to let the state property tax rate fall any further. Results from a frozen rate would depend on how the assessment base grew. Mr. Bailey said that the assessment base had not grown and pushed the rate down in recent years due to the recession. The rate would begin to go down again as the economy grew. Ms. Thomas testified that freezing the rate would not be an immediate revenue raiser, but that it would prevent further decline from the tax.

In response to a question from Representative St. Onge, Ms. Thomas stated that her information on the film tax credit, angel investor tax credit, and TIFs was based on looking at what other states do with their business tax break programs. She looked at the programs as a legislative staff member.

In response to questions from Representative Tipton, Mr. Bailey said that a state normally sets its Earned Income Tax Credit (EITC) as a percentage of the federal EITC. The percentage set by each state varies. KCEP did not have a recommended income level to apply the retirement income exemption phase-out to. Many states do not exempt retirement income.

In response to a question from Representative Fleming, Mr. Bailey explained that studies indicate that even small amounts of additional income in a household when a child is young can have long-lasting positive effects.

In response to questions from Representative Petrie, Mr. Bailey stated that KCEP's philosophy is that tax expenditures should be limited as much as possible, except for expenditures that have been shown through research to be cost effective, needed for an improvement to the equity of the tax system, or both. Newly created tax expenditures should have built-in systems for collecting data, doing analysis, and sun-setting. Sunset provisions would cause the legislature to proactively extend or eliminate tax expenditures. Ms. Thomas stated that, to effectively evaluate tax expenditures to be eliminated or extended, the legislature would need to know the purpose of the expenditure and have the data to analyze the effectiveness of it.

Jordan Harris, Executive Director, Pegasus Institute, discussed Kentucky's economic picture. He said the tax code is one of the primary issues with Kentucky's economic growth problem. Since 1977, Kentucky's economic growth has been 30 percent below the national average, which ranks

44th in the United States, and that between 2006 and 2016, Kentucky's per capita GDP growth was about 0.3 percent. Kentucky's average household income is 18 percent below national average; Kentucky is ranked 45th nationally in that category. Labor force participation in the state is below 60 percent, which ranks Kentucky 44th in the nation.

Mr. Harris stated that earlier in the year the unemployment rate in Kentucky was the lowest in the history of the Bureau of Labor Statistics data for the state. There are more Kentuckians employed than at any point in the state's history. However, since the recession ended, paychecks in Kentucky have grown 12 percent slower than the national average, and per capita income in Kentucky ranks 47th in the United States.

Mr. Harris stated that production has been overburdened in Kentucky, and that businesses need the burden of taxation shifted so that they can grow. Taxation is naturally economically burdensome. The role of any government entity should be to stay out of the way of individuals and businesses to the greatest extent possible. He implored committee members to consider tax expenditures to eliminate with the intention of lowering the rate, broadening the base, and creating a system that is more competitive with Kentucky's neighbors.

In response to a question from Senator Parrett, Mr. Harris testified that Kentucky's labor force participation rate has been well below the national average since before the opioid crisis began.

In response to a question from Representative Petrie, Jordan Harris stated that he agreed with the proposal of sun-setting. He said that there must be a mechanism in state government to periodically review tax expenditures. Mr. Bailey said that lowering the rate and broadening the base was the most important thing that would have influence on economic growth.

With no further business, the meeting was adjourned.

PUBLIC PENSION OVERSIGHT BOARD

Kentucky Retirement Systems Administrative Subcommittee

Minutes of the 3rd Meeting of the 2018 Interim

October 22, 2018

Call to Order and Roll Call

The 3rd meeting of the Kentucky Retirement Systems Administrative Subcommittee of the Public Pension Oversight Board was held on Monday, October 22, 2018, at 10:00 AM, in Room 154 of the Capitol Annex. Senator Wil Schroder, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Wil Schroder, Co-Chair; Representative Russell Webber, Co-Chair; Senators Jimmy Higdon and Dennis Parrett; Representatives DJ Johnson and Arnold Simpson; John Chilton, and James M. "Mac" Jefferson.

Guests: David Eager, Executive Director, Kentucky Retirement Systems.

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

Approval of Minutes

Representative Webber moved that the minutes of the September 24, 2018 meeting be approved. Representative Johnson seconded the motion, and the minutes were approved without objection.

Review of Administrative Issues and Fiscal Impact of KRS Restructuring

David Eager, Kentucky Retirement Systems (KRS), testified that after reviewing the administrative and financial impacts, KRS does not believe separating the County Employees Retirement System (CERS) from KRS is a good idea or would benefit the systems' 379,000 members. He discussed several key takeaways from their review and presentation. First, he noted that KRS runs efficiently and that running the two systems separately would cost more, while also causing transitional issues and disruptions. Next, Mr. Eager indicated that having a separate CERS Board to govern investments and actuarial assumptions would be less costly and disruptive than full separation, but stated that KRS was not recommending it. Lastly, he stated that the poorly funded position of the Kentucky Employee Retirement System (KERS) nonhazardous plan does not negatively impact the investment management of CERS funds.

Mr. Eager discussed KRS' administrative expenses and outlined some of the unique features of KRS that makes comparisons to other peer systems difficult. KRS' administrative expenses include investment related expenses and costs associated with administering health care plans, both items that many peers do not have to report. KRS staff administers a highly complex system, which includes multiple tiers, hazardous and nonhazardous plans, and 1,490 employers who are reporting payroll and have to be trained. KRS staff are members of the KERS nonhazardous plan, which has seen employer contribution rates increase dramatically from 5.89 percent in 2001 to 49.47 percent in 2018. Mr. Eager explained recent challenges faced by KRS, including high turnover and information technology upgrades.

Mr. Eager stated that KRS participated in the 2016 CEM Benchmarking study, which reported KRS administrative costs were \$77 per active member and annuitant. This compared to a peer average of \$112 per member and a median cost of \$84 per member.

Mr. Eager reviewed total administrative expenses for the past five fiscal years and stated that expenses had averaged around \$32 million per year. He also provided a summary of fees allocated between each system, which is determined by membership. He pointed out that as CERS membership has continued to grow, so has their share of administrative expenses. Lastly, he provided a breakdown of expenses by category for fiscal year 2018 and noted that salaries, pension contributions, and other staff related benefits accounted for just over \$23 million of the \$32.3 million total.

Mr. Eager presented two scenarios to demonstrate the separation or restructuring of the administration of CERS and discussed the implications and cost of both scenarios. Under the first scenario, CERS would have its own board to set actuarial assumptions and investment policies for the CERS plans, but the KRS board would oversee all other aspects and management of the plans. The second scenario would completely separate CERS from KERS and the State

Police Retirement System (SPRS) over some period of time. Mr. Eager discussed several considerations under both scenarios, including additional governance, audit, actuarial, legal, consulting, personnel, financial, information technology, and member services that would need to be addressed and required. Mr. Eager summarized an estimate of the cost of separating CERS, which would include both one-time transitional costs of \$2.5 to \$4.7 million and additional on-going expenses of \$2.3 to \$3.2 million required for the separate trust. Lastly, Mr. Eager presented an estimated cost of additional staffing that could be required for the separate trust. He noted that in some areas, such as benefit counseling, additional staff members might not be needed, but estimated that additional management level and investment staff would likely be required and estimated a total cost of \$2.7 million for salaries, pension contributions, and other employee benefits. In summary, Mr. Eager stated that the total combined estimated cost of separating CERS would range from \$5.0 million to \$6.0 million, which he believes is a conservative estimate.

Mr. Eager addressed several recent questions that have been asked of staff with regards to separation or administration of assets. In response to a question regarding the level of discussion that KRS staff has held with employee groups, Mr. Eager stated KRS staff had held many general discussion sessions, but that none had centered on CERS separation or SB 226.

Regarding the question about the fiscal advantages to outsourcing, Mr. Eager indicated that staff had, prior to the introduction of SB 226, had a very general discussion with employer groups. KRS staff had made their case as to duplication of services, but there had not been any further discussion since the stakeholders' recent presentation to the subcommittee.

In response to the question of what would happen to KRS staff after the five-year transition, Mr. Eager stated that he believed KRS would lose a lot of talent and history. Some KRS employees would likely be hired by CERS, retire, or find other employment during the transition.

In response to a claim made by employer groups that KRS' last experience study left out CERS data, Mr. Eager stated that the 2013 and 2015 studies did not leave out CERS data. He indicated that a copy of the experience study was available to the public on the KRS website.

In regard to a point made during a prior meeting that administrative expenses for KRS had increased 247 percent over the last 15 plus years, Mr. Eager confirmed that expenses had increased 247 percent since 2001, or at an annualized growth rate of five percent. Over the same time period, he noted that membership of KRS had grown at three percent per year and inflation was 2 percent, so net of membership growth and inflation, KRS' expenses were flat. On top of this, Mr. Eager noted that KRS pension cost had increased from 5.89 percent to 49.47 percent during that period.

In response to a question regarding if KRS commingles plan assets, Mr. Eager pointed out that it is against federal law to move assets from one trust to another to pay benefits. Mr. Eager did outline the process of making block investment trades and provided an example of how KRS staff might group

investment transactions together to gain more attractive pricing if one or more plans desired to make a similar purchase or sale. However, he emphasized that once the transactions are completed, they are recorded by KRS' custodian in the underlying plan accounts and are not moved.

Regarding a question of whether the state would remain liable for the CERS share of the unfunded liability, Mr. Eager indicated that, if any single participating employer became insolvent, the responsibility would fall to the remaining group of participating CERS employers. However, KRS could not state with any certainty if the Commonwealth would be liable if CERS as a whole became insolvent. Such a decision would ultimately be left up to the courts to decide.

In response to a question about the Tennessee retirement system and how a "more" rather than "less" consolidated system differs from KRS, Mr. Eager stated that Tennessee consolidated seven systems that are all housed under the authority of the State Treasurer. The plans provide pension, disability, and death benefits, but do not administer health insurance. The system utilizes the services of several state agencies to administer the plans, and there is one investment group managing assets for all the plans. Mr. Eager pointed out that other states, such as South Carolina and Alabama, had similar structures.

Mr. Eager emphasized that KRS was a system that worked efficiently and expressed pride in how well KRS staff takes care of their 379,000 members. He shared several compliments from both employers and members, which commended the training and professionalism of KRS staff.

In response to a question from Senator Schroder regarding the impact on CERS from KERS and block purchasing, Mr. Eager indicated CERS was not negatively impacted. CERS and KERS have different portfolios and CERS has a higher return assumption at 6.25 percent versus 5.25 percent for KERS and SPRS. The CERS plan's portfolio was dictated based on liquidity and risk tolerance, which at 52 percent funded, is more risky than KERS, but still conservative compared to other plans. The plans are treated totally independent of each other and, if one was fully funded, its level of risk would likely change. CERS is not a healthy plan, but it is less sick than KERS and one that still requires a conservative portfolio.

In response to another question from Senator Schroder regarding why states like Tennessee and South Carolina consolidated their plans, Mr. Eager was unable to speak to specific reasons, but pointed out there is a movement to consolidate the investment management functions of plans, but not necessarily the boards. States like Wisconsin and Georgia have a common group managing the investment of pension and other state funds collectively.

In response to questions from Senator Parrett regarding the consolidation of all the states pension plans (KRS, the Teachers' Retirement System, and the Judicial Form Retirement System) together, Mr. Eager stated he would have to give more thought on the matter. At a very high level consolidation seems to make more sense than separation. He singled out the investment function of pension management and noted that consolidation would eliminate some of the

duplicate staffing situations, and those savings could be used to fill empty positions or attract better talent.

In response to questions from Senator Higdon with regards to the number of benefit counselors KRS employees compared to other peers, Mr. Eager responded that he was not sure how KRS compared, but estimated that KRS had a greater number of counselors compared to other states due to the complexity and multiple tiers of benefits in the systems. As more KRS members join Tier 3 and active Tier 1 members retire over the next 8 to 10 years, the complexity will decrease.

In response to questions from Mr. Chilton regarding block trading and interplan transactions, Mr. Eager indicated there have been a few infrequent times where staff executed interplan transactions. Those cases involved public assets, and the pricing was based on the public market with no transaction costs. In response to follow-up questions regarding the recruiting of qualified board members, Mr. Eager agreed that a new board would present even more difficulty to identify and recruit qualified board members to govern the plans. In response to another question regarding members who have service in both KERS and CERS, Mr. Eager stated that about 10 percent of members fall into that category. And lastly, in response to a question from Mr. Chilton regarding whether proponents of separation had objections to the administrative function, as opposed to the actuarial and investment functions of KRS, Mr. Eager stated that would be a question for Kentucky League of Cities (KLC), Kentucky Association of Counties, and Kentucky School Boards Association.

In response to a question from Representative Johnson regarding the possibility that one plan could garner more attention or overshadow another, Mr. Eager acknowledged there could be a perception of that occurring given the poorly funded status and attention given to KERS. However, in reality, for all board members and staff, the main concern and focus falls to the membership, whether it is KERS, CERS, or SPRS. All are treated equally. In response to a follow-up question regarding CERS representation at the board level, Mr. Eager did not express an opinion either way.

In response to Senator Schroder's question to Mr. Eager and then staff regarding how the boards of states like Tennessee and South Carolina, who have consolidated their systems, are structured, Mr. Cracraft stated he did not have information on hand, but would follow up at a later date.

In response to a question from Representative Webber with regards to block trades, Mr. Eager stated that the decision to make the block transactions would be made by the investment committee and department. In response to a follow-up question, he indicated that he was not involved directly in the discussions, but believed that both KERS and CERS were represented in those decisions, and there was agreement.

In response to a question from Representative Simpson as to other plans who had recently separated pension plans, Mr. Eager stated that he is not aware of any other state systems separating.

In response to a question from Mr. Jefferson with regards to administrative expenses and if any

are specifically accrued to a certain plan, Mr. Eager indicated all expenses incurred by KRS are combined into a single pool and shared across all the systems and allocated based on the head count.

In closing, Senator Schroder commented that KLC's actuarial administrative expense analysis, which was requested during the prior meeting, had been received and will be distributed to members.

With no further business, the meeting was adjourned. The next regularly scheduled meeting is Monday, November 26, 2018.

PUBLIC PENSION OVERSIGHT BOARD

Minutes of the 7th Meeting of the 2018 Interim

October 22, 2018

Call to Order and Roll Call

The 7th meeting of the Public Pension Oversight Board was held on Monday, October 22, 2018, at 1:00 PM, in Room 171 of the Capitol Annex. Senator Joe Bowen, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Joe Bowen, Co-Chair; Representative Jerry T. Miller, Co-Chair; Senators Jimmy Higdon, Christian McDaniel, Gerald A. Neal, Dennis Parrett, and Wil Schroder; Representatives Ken Fleming, DJ Johnson, James Kay, Arnold Simpson, and Russell Webber; J. Michael Brown, John Chilton, Timothy Fyffe, Mike Harmon, James M. "Mac" Jefferson, and Sharon Mattingly.

Guests: Chris Sears, Ice Miller, LLP (Via Video Conference); Jennifer Black Hans, LRC Staff; David Eager, Executive Director, Kentucky Retirement Systems; and Beau Barnes, Deputy Executive Secretary and General Counsel, Teachers' Retirement System; Stephanie Winkler, Kentucky Education Association; and Barbara Sterrett, Former Trustee of Teachers' Retirement System.

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

Approval of Minutes

Representative Kay moved that the minutes of the September 24, 2018 meeting be approved. Representative Miller seconded the motion, and the minutes were approved without objection.

Fiduciary Responsibility of Pension Trustees/Advisors

Chris Sears, Ice Miller LLP (Via Video Conference) provided an educational presentation on fiduciary responsibility, which included who is a fiduciary, sources and standards of fiduciary duties, liability of fiduciaries, and information specifically related to the Kentucky Retirement Systems (KRS) and Teachers' Retirement System (TRS).

Mr. Sears defined how someone becomes a fiduciary, which can result from a person's function or designation. Any person or entity who is specifically named in a retirement plan or trust document as a fiduciary, such as an investment committee or investment officers, would be fiduciary based on designation. In addition, any person or entity who makes, or has the authority to make, discretionary administrative or investment decisions related to the retirement plan is a fiduciary based on their function.

These individuals may not be specifically designated, but job function and authority to exercise discretion would make them fiduciary. Given these definitions, Mr. Sears reviewed several state statutes, which identified the boards of trustees as fiduciaries, and he noted the executive director, investment staff, other administrative executive staff were likely fiduciaries for both KRS and TRS based on function.

Mr. Sears discussed the sources of fiduciary duties and reviewed the standards of conduct fiduciaries are held to under federal, state, and common law. The primary source at the federal level is the Internal Revenue Code, but Mr. Sears also addressed the Employee Retirement Income Security Act (ERISA), which, while not applicable to governmental plans, also serves as an excellent resource with regards to fiduciary duties. At a state and common law level, sources include state statutes, the Executive Branch Code of Ethics, and the Uniform Management of Public Employee Retirement Systems Act (UMPERSA). In addition to applicable law, plan specific documents, policies, statutes, and administrative regulations are sources that must be considered. Mr. Sears emphasized that fiduciaries are held to extremely high standards of conduct under the law, if not one of the highest.

Mr. Sears outlined the three major duties of every fiduciary: loyalty, prudence, and adherence to plan documents. He referenced statutory language for each and walked through underlying responsibilities tied to each. Regarding the duty of loyalty, he noted all fiduciaries have a duty to act: (1) solely in the interest of participants and beneficiaries, (2) for the exclusive purpose of providing benefits or paying reasonable plan expenses, (3) independently and without conflicts of interest, and (4) impartially among differing interests. Under the duty of prudence, he explained four underlying tasks, which included a duty to: (1) act with care, skill, prudence, and diligence of a prudent person familiar with like matters, (2) be informed, (3) delegate responsibilities outside of expertise, and (4) diversify and monitor investments. Lastly, under the duty to follow plan documents, a fiduciary has duty to administer a plan in good faith in accordance with its written terms, which includes consistent administration, a timely update of legal changes, and a timely correction of any plan errors.

Mr. Sears discussed the liability of fiduciaries for both KRS and TRS, emphasizing that a fiduciary can be personally liable for a breach of fiduciary duty. The fiduciary would be liable to restore any losses resulting from a breach, any profits made by the fiduciary of misused plan assets, and other equitable relief. The fiduciary may be liable for a co-fiduciary's breach of fiduciary duty if a fiduciary enables another to commit the breach, knowingly participates in or conceals the breach, or discovers the breach but does not take steps to remedy it.

In response to questions from Senator Bowen with regards to full disclosure of investment fees, including fund of funds, Mr. Sears stated that there is a trend for more disclosure, but the risk of higher fees is one of the push backs from managers. In regards to a follow up question regarding the CFA Institute's

Code of Conduct and whether it is a common standard, Mr. Sears was not aware of other states who had formally adopted, but stated he believed the code was a common standard and believed it is an appropriate standard for Kentucky. Regarding the definition of investment experience in Kentucky, Mr. Sears believed 10 years' experience was appropriate. In addition to a follow up question regarding the appropriate amount of board meetings, Mr. Sears indicated he did not know of an industry standard, but depending on the size of the plan and other factors, he believes that quarterly meetings would be the minimum requirement. In regards to the question of legal exposure and the recent decision in the City of Fort Wright case, Mr. Sears indicated he was not familiar with the case and could not answer. Lastly, in response to a question regarding Ice Miller's scope of service to KRS and TRS, Mr. Sears stated that Ice Miller, LLP provides federal tax and fiduciary counsel to the systems.

In response to the question from Senator Bowen regarding the City of Fort Wright case, Mr. Mark Blackwell, Executive Director, Office of Legal Services, KRS, stated the court essentially held the Fort Wright plaintiffs had misapplied the law by relying on a statute that refers to general trustees and not to the statutes that relate to the fiduciaries of qualified pension plans. In response to whether there is a likelihood of future employers or employees filing suit regarding the fiduciary responsibilities of the board, Mr. Blackwell stated he believes potential plaintiffs would need to read the decision of the court before proceeding. The court's opinion was not decided on the basis of what assets to invest in, but on the legality of investing in assets other than certificates of deposit (CDs) and other types of assets.

In response to a question from Ms. Mattingly regarding how many states have adopted the model act, UMPERSA, neither Mr. Sears nor Mr. Blackwell were able to respond.

In response to a question from Mr. Chilton with regards to having boards who are able to meet the unique needs of public plans, Mr. Sears stated frequent education is critical for board members who do not have a fiduciary background.

Senator Bowen said that the Public Pension Oversight Board (PPOB) has oversight, but does not have the authority or capacity to pass legislation or vote for change. The PPOB's role is to simply gather information and suggest legislation.

Representative Miller asked whether current statutory language permits a fiduciary to consider both members and the taxpayer and how would that language create conflicts. Mr. Sears stated that there are times when a fiduciary can make a decision in the best interest of both members and taxpayers. Other considerations, such as environmental, social, or taxation can be incorporated into the decision-making process, but cannot come before or be the driving force in a final decision of a board. Members and beneficiaries should be a fiduciary's first consideration. Only after members and beneficiaries are considered may a fiduciary take up these additional topics.

Kentucky Retirement Systems Administrative Subcommittee Update

Jennifer Black Hans, LRC Staff, provided an update on the activities of the KRS Administrative Subcommittee and outlined the topics covered during August, September, and October meetings. In August, the subcommittee was provided a historical review of local government pension plans in the Commonwealth dating back to 1942, and how other states handle pooled, multiple employer, and local government plans and the trends regarding consolidation or separation. She also discussed the industry relative to local government plans, and stated there were three general models of administration and governance: consolidated, consolidated administration and separate governance, and separated plans. In September, the subcommittee heard testimony from various outside interest groups regarding the administration of the County Employees Retirement System (CERS) and proposed CERS separation or KRS restructuring. Lastly, in October, the subcommittee heard testimony from KRS staff regarding administrative issues, concerns, hurdles, and cost issues of CERS separation or restructuring, while also projecting any financial impact that such changes could have on KRS.

Senator Schroder commented on the subcommittee's activities. First, with regards to the three general models, he pointed out that a lot of times separation is thought of in terms of SB 226 and what it proposed. However, he commented that SB 226 is not the only option and that a hybrid approach that incorporates separate boards under a single administrative agency is also being analyzed. In addition, Senator Schroder referenced a discussion that occurred during the subcommittee earlier in the day regarding the topic of commingling of funds with Kentucky Employees Retirement System (KERS) and CERS. He noted that KRS staff had verified that commingling funds is prohibited under federal law, but explained how staff will pool assets together for the purpose of block investment purchases to get a better price with no commingling of the funds.

In response to a question from Senator Bowen in regards to the weighted representation on the board, Senator Schroder replied the question of representation has been a consistent point of conversation and a topic that the subcommittee plans to explore in more detail as they move forward.

Trustee Election Overview – KRS

David Eager, Executive Director, KRS, presented a review of the KRS board of trustees, which included an overview of the current KRS board of trustees, the process by which they are elected, along with a recommended change staff would like to propose for the upcoming Regular Session.

Mr. Eager began by outlining the composition of the board and providing statutory references for the elected and appointed members of the board. There are six elected trustees, including three CERS members, one State Police Retirement System (SPRS) member, and two KERS members each elected by their respective membership. There are 10 total trustees who are appointed by the Governor, and Mr. Eager outlined the statutory requirements. First, one of the appointees must have knowledge about the impact of pensions on local government. Secondly, three of the appointees are chosen from

a list of three candidates that are submitted to the Governor by the Kentucky League of Cities, Kentucky Association of Counties, and the Kentucky School Board Association, respectively. Lastly, six of the gubernatorial appointees must have the statutorily-required investment experience. In addition to the elected and appointed trustees, the Secretary of the Personnel Cabinet serves as an ex-officio member to make the full board a total of 17 members.

Regarding the gubernatorial appointees, Mr. Eager walked through the statutory definition of investment experience. He noted that statute requires trustees to meet any one of the following five requirements: (1) be a portfolio manager acting as fiduciary; (2) be a professional securities analyst or investment consultant; (3) be a current or retired employee or principal of a trust institution; (4) be a CFA in good standing; or (5) be a university professor, teaching investments or related studies.

Mr. Eager provide a profile of the current board of trustees and discussed the employment or financial background of several members. In addition, he noted a few of the responsibilities of a board member, stating that most are serving on at least two committees in addition to the full board and most attend 14 or more meetings during the year. Compensation for trustees, who are not employed by the state, is just \$190 per meeting and some have to use personal time to attend meetings. Lastly, all trustees serve as fiduciaries and are subject to personal liability.

Mr. Eager walked through the trustee election process and provided a summary of recent elections. The process begins in February, when the executive director notifies the board in writing of the election procedures. KRS staff then distribute a notice to the membership seeking applications, which must be received prior to July 31. In August, an information meeting is held with candidates and their personal information is forwarded to the Attorney General to determine constitutional compatibility. The board then nominates up to three eligible candidates for each vacancy before September 30, but any member not nominated by the board has until November 30 to file a petition and be added to the ballot. Ballots are prepared by December 31 and mailed to the membership on January 20. Returned ballots are mailed to an external auditor, who tabulates the results, and must be postmarked by March 1. The external auditor certifies the votes by March 15, winners are announced and begin serving their term April 1.

Mr. Eager reviewed a summary of recent elections for each plan. In 2018, KERS mailed 132,551 ballots with 9 percent voter response. In 2017, CERS mailed 223,764 ballots for a special election with 5 percent voter response and, in the same year, CERS mailed 227,829 ballots for the regular election with 11 percent voter response. In 2011, SPRS mailed 2,521 ballots with 23 percent voter response.

In closing, Mr. Eager discussed two recommended changes to reduce cost and improve participation. First, KRS is recommending to synchronize two separate CERS elections so they may occur simultaneously. Making this change would eliminate one election, which in 2017 cost \$97,271, most of which was postage. Secondly, KRS would like authorization to

allow electronic balloting for trustee elections. He stated that KRS currently has email coverage for about 50 percent of their membership and that percentage is growing. Making this change would initially save an estimated \$25,000 and, as more members began using it, could save up to \$40,000 per election.

In response to a question from Senator Bowen, Mr. Eager stated the Attorney General determines whether or not a member meets the qualifications of a trustee, plus Senate Bill 2 requires anyone appointed by the Governor to be confirmed by the Senate.

In response to a question from Representative Miller regarding past KRS housekeeping bills, Mr. Eager stated there was a housekeeping bill passed in 2017 and a prior one in 2011. Representative Miller added that, in 2017, KRS had two housekeeping bills, one with a financial impact and one without. The financial impact bill, which did not pass, included language to enable electronic voting. Representative Miller expressed his intent to introduce a similar bill again and include the proposal as a PPOB recommendation. In response to a follow up question, Mr. Eager confirmed that anyone still wanting to vote by paper ballot would be able to do so and the integrity of both the paper and electronic vote would be ensured.

In response to questions from Representative Simpson with regards to liability insurance, Mr. Eager confirmed that KRS has a \$5 million insurance policy with a \$500,000 deductible. The policy premium costs approximately \$365,000 per year. In response to a follow up question regarding if personal assets of trustees might be at risk, Mr. Eager asked Mr. Blackwell to assist with response. Mr. Blackwell stated KRS is liable for trustees' proper expenses, which would include attorney fees. However, he noted that in many cases the standard rate approved by the state contract review committee is materially less than most attorneys will accept, which has become an issue for some lawsuits. In a follow up question from Representative Simpson seeking a reason why state employees are not compensated for serving on the board, Mr. Eager stated he believes it is a bit unfair. Representative Simpson recommended KRS bring forth a recommendation to address issues like this to ensure quality individuals are serving on the board.

Senator Bowen commented that at the end of the year the Chairs will be requesting the members to bring suggestions forward for legislation that would affect the systems.

Trustee Election Overview – TRS

Beau Barnes, Deputy Executive Secretary and General Counsel, TRS, provided an overview of the TRS board of trustees, the process by which they are elected, as well as a summary of recent elections. He began with a profile of the 11 member board, which is established by KRS 161.250. The board has two ex-officio members, the education commissioner and state treasurer, who serve by virtue of their office. In addition, there are two governor appointed trustees, who, much like KRS, are required to possess statutorily-defined investment expertise. The remaining seven members are elected by TRS membership, of whom four must be active teachers, one a retired teacher, and two from outside the teaching profession. Board

members are term limited and can serve up to three consecutive four year terms before an absence is required. After a break, a member can return to the board for one more four year term.

Mr. Barnes discussed the trustee election process, which is also established by KRS 161.260. He noted that the process has been largely unchanged since TRS was created. TRS has a single election each year. Two of the seven elected trustees are subject to election in most years. Every fourth year only one elected trustee is elected. Elections are completed by June 1 of each year and trustee terms begin on July 1 of each year. Two candidates are selected by a 13 member nominating committee, which consists of an active member from each of the 12 Kentucky Education Association districts, along with one retired member. TRS prepares and mails paper ballots to each member in early May, and each mailing includes biographies of each candidate and prepaid return postage. All ballots have a tracking number for security purpose. Returned ballots must be postmarked by May 31 and are mailed to the Kentucky Department of Education, where the Commissioner tabulates and provides results to TRS. Results are announced during the June trustee meeting, and Mr. Barnes stated all election expenses are paid from the TRS general expense fund. Lastly, Mr. Barnes noted the paper ballot process served two purposes. While the primary focus was electing trustees, a secondary purpose was the ability to keep member and retiree addresses current.

Mr. Barnes reviewed the cost and participation of the two most recent trustee elections. For the 2017 election, a total of 114,913 ballots were mailed, the total cost was \$65,040, and participation was 11 percent. The 2018 election included 113,642 ballots mailed, a total cost of \$64,866, and participation was 12 percent.

In response to questions from Senator Bowen regarding how potential candidates are identified, Mr. Barnes responded that, during the nominating process, active and retired teachers often suggest candidates, some may be a self-recommendation, or others may write or suggest someone be considered. In response to a follow up question regarding if TRS had considered electronic ballots, Mr. Barnes stated TRS had not. He referenced the use of paper ballots to confirm addresses along with some concerns about members not being comfortable with using computers as reasons why electronic ballots had not been considered. Senator Bowen pointed out the low participation rate and encouraged TRS to consider electronic voting as a means to facilitate more participation.

In response to questions from Representative Miller with regards to how TRS reminds members to vote or participate, Mr. Barnes stated that information is included in newsletters, posted on their website, and shared through presentations that are performed by TRS staff throughout the state. In response to a follow up question asking if members have electronic access to their member accounts, Mr. Barnes indicated that all members have electronic access to their account through the member portal, but he was unable to confirm how many members actually use the portal. In response to a follow up question regarding other mailings from TRS, Mr.

Barnes stated that TRS has several mailings, which include the annual 1099 tax information, a member annual statement, and newsletters or health insurance updates. As to a follow up question regarding the number of ballots versus total members, Mr. Barnes was unsure and offered to follow up at a later date. He did suggest that second accounts likely accounted for the majority. Representative Miller commented on the representation of retired teacher trustees and suggested that as the TRS membership becomes more mature it might make sense to add more retired trustees.

In response to a question from Ms. Mattingly regarding the election process and number of candidates, Mr. Barnes indicated that two candidates are considered for each vacancy. Members have two candidates to vote from for each vacancy.

In response to a question from Senator Bowen, Mr. Barnes confirmed TRS was not actively considering electronic balloting at this time.

Stephanie Winkler, President, Kentucky Education Association (KEA), noted that KEA not only represents teachers, but also classified school employees that account for a large portion of the CERS nonhazardous plan. She referenced the activity of the KRS Administrative Subcommittee and encouraged the PPOB to consider a board that was more proportional to the underlying membership. Ms. Winkler emphasized that she and the members she represents have a desire to be educated, and understand that, while the PPOB is not a decision making body, it can make recommendations for changes to future legislation. Lastly, Ms. Winkler expressed a belief that the TRS board election process is fair.

Barbara Sterrett, a former TRS trustee, shared her experience as a trustee and stated she believes the election process is fair and she would like for it to stay in place.

With no further business, the meeting was adjourned. The next regularly scheduled meeting is Monday, November 26, 2018.

GOVERNMENT CONTRACT REVIEW COMMITTEE

Committee Minutes

November 13, 2018

Call to Order and Roll Call

The Government Contract Review Committee met on Tuesday, November 13, 2018, at 10:00 AM, in Room 131 of the Capitol Annex. Senator Stephen Meredith, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Stephen Meredith, Co-Chair; Senators Julie Raque Adams and Paul Hornback; Representatives Chris Fugate, Al Gentry, and Mark Hart.

Guests: Fran Pinkston, Mike Schwendau, Stacy Woodrum, Andrew English, Jeremy Hamm, Beau Barnes, Lindsay Hughes Thurston, Barry Swanson, Craig Collins, Bart Hardin, Emily Anderson, Dr. Connie White, Andrea Flincham, Donna McNeil, Greg Ladd, Charles George, Simon Keemer, and Lee Ann Waters.

LRC Staff: Kim Eisner, Jarrod Schmidt, and Kim

Smith.

A motion was made by Representative Fugate to approve Minutes of the October 2018, meeting of the committee. Representative Hart seconded the motion, which passed without objection.

Charles George, Vice President for Government Affairs and board members Simon Keemer and Lee Ann Waters with the Kentucky Society of CPA's discussed recommendations with the committee regarding Committee Policy Statement 95-5, Maximum Rate Schedule for Auditing Services.

DEFERRED ITEM:

WESTERN KENTUCKY UNIVERSITY

Robert F. Sharpe & Company, Inc. d/b/a Sharpe Group, 182033. A motion was made by Representative Hart to defer the contract to the December 2018 meeting of the committee. Representative Fugate seconded the motion, which passed without objection.

AUGUST DEFERRED ITEM:

KENTUCKY TEACHERS RETIREMENT SYSTEM

Williams and Jenson, PLLC, 0007. A motion was made by Senator Raque Adams to consider the contract as reviewed. Senator Hornback seconded the motion, which passed without objection.

SEPTEMBER DEFERRED ITEMS:

SECRETARY OF STATE

Kinthead & Stilz, PLLC, 1900002235. Lindsay Hughes Thurston discussed the contract with the committee. A motion was made by Senator Hornback to consider the contract as reviewed. Senator Raque Adams seconded the motion, which passed without objection.

WESTERN KENTUCKY UNIVERSITY

National Association of Student Personnel Administrators, 181922. The University requested to have this contract withdrawn from the agenda effective November 1, 2018.

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

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

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

A motion was made by Senator Raque Adams to consider as reviewed the Memoranda of Agreement

Amendment List, with exception of those items selected for further review by members of the committee. Representative Fugate seconded the motion, which passed without objection.

A motion was made by Senator Raque Adams to consider as reviewed the Film Tax Incentive List, with exception of those items selected for further review by members of the committee. Representative Fugate seconded the motion, which passed without objection.

A motion was made by Senator Raque Adams to consider as reviewed the Film Tax Incentive Amendment List, with exception of those items selected for further review by members of the committee. Representative Fugate seconded the motion, which passed without objection.

A motion was made by Senator Raque Adams to consider as reviewed the Addition List. Representative Fugate seconded the motion, which passed without objection.

THE FOLLOWING PERSONAL SERVICE CONTRACTS

WERE REVIEWED WITHOUT OBJECTION:

BOARD OF OCCUPATIONAL THERAPY

Marisa Neal, 1900002771.

BOARD OF OPHTHALMIC DISPENSERS

Marisa Neal, 1900002772.

DEPARTMENT FOR INCOME SUPPORT

Jose T. Lorenzo, 1900002004-1; Jose T. Lorenzo, 1900002004-2.

DEPARTMENT FOR LOCAL GOVERNMENT

Todd Kirby, 1900002876.

DEPARTMENT OF CORRECTIONS

Charles T. Mitchell Company, 1900002585.

DEPARTMENT OF EDUCATION

Act, Inc., 1800000285; Joseph Michael Thieman, 1900002690; Susan Gormley Tipton, 1900002763; C&A Industries, Inc., 1900002838.

DEPARTMENT OF HIGHWAYS

HDR Engineering, Inc., 1900002815; Palmer Engineering County, 1900002860; Leslie M. Haney and Albert W. Gross Partners, 1900002866; Gresham Smith, 1900002881; Stantec Consulting Services, Inc., 1900003011.

EASTERN KENTUCKY UNIVERSITY

Kentucky School Boards Association, 20-132.

ECON DEV - OFFICE OF THE SECRETARY

Quartz Smith Strategies, 1900002764; Eva Garland Consulting, LLC, 1900002765.

FACILITIES & SUPPORT SERVICES

Omni Architects, 1900002613.

KENTUCKY COMMUNICATIONS

NETWORK AUTHORITY

Public Resources Advisory Group, Inc., 1900002959; JP Morgan Securities, LLC, 1900002960; Merrill Lynch, Pierce, Fenner & Smith, Inc., 1900002961; Morgan Stanley & County, LLC, 1900002962.

KENTUCKY HISTORICAL SOCIETY

Brumfield Labs, LLC, 1900002900.

KENTUCKY LOTTERY CORPORATION

Ellipse Solutions, LLC, 19-17-016.

NORTHERN KENTUCKY UNIVERSITY

American Association of State Colleges and Universities -Penson Center for Professional Development, 2019-126.

PERSONNEL - OFFICE OF THE SECRETARY
Tempo Holding Company, LLC, 1900002942.
UNIVERSITY OF KENTUCKY
Stengel-Hill Architecture, A191100; Trane US, Inc., K19-222; NetMediaOne, LLC d/b/a Able Engine, K19-223; TEconomy Partners, LLC, K19-224; Parker Executive Search, K19-225; Serif Group, K19-230.
UNIVERSITY OF LOUISVILLE
Denise Fitzpatrick, 19-052; Advances in Education, 19-059.
WESTERN KENTUCKY UNIVERSITY
Robert F. Sharpe & Co., Inc. d/b/a Sharpe Group, 182033; Luckett and Farley, 182034.
THE FOLLOWING PERSONAL SERVICE AMENDMENTS
WERE REVIEWED WITHOUT OBJECTION:
BEHAVIORAL HEALTH, DEVELOPMENTAL & INTELLECTUAL DISABILITIES
Kellie Ilene McCain, 1900001643.
BOARD OF MEDICAL LICENSURE
Multi, 1900000777; Thomas J. Hellmann Attorney-At-Law, PLLC, 1900002475.
COUNCIL ON POSTSECONDARY EDUCATION
Blue & Company, LLC, 1900001286.
DEPARTMENT FOR INCOME SUPPORT
Jose T. Lorenzo, 1900002004; Jose T. Lorenzo, 1900002004-1.
DEPARTMENT FOR MEDICAID SERVICES
Wakely Consulting Group, 1800001667.
DEPARTMENT OF HIGHWAYS
QK4, 0600002166; GRW Engineers, Inc., 0800007043; Burgess and Niple, Inc., 1300002065; Municipal Engineering Company, 1300003012; Palmer Engineering Company, 1400000811; QK4, 1400001951; HMB Professional Engineers, Inc., 1500001230; HMB Professional Engineers, Inc., 1700000809; J.M. Crawford & Associates, Inc., 1700002881; DLZ Kentucky, Inc., 1800000398; Municipal Engineering County, 1800000610; Stantec Consulting Services, Inc., 1800001566.
DEPARTMENT OF WORKERS' CLAIMS
Practical Actuarial Sol, Inc., 1900000339.
EARLY CHILDHOOD DEVELOPMENT FACILITIES & SUPPORT SERVICES
Biagi Chance Cummins London Titzer, Inc., 1300001446; Ross Tarrant Architects, Inc., 1700002129; Staggs and Fisher Consulting Engineers, Inc., 1700002742; Ross Tarrant Architects, Inc., 1900002454.
NORTHERN KENTUCKY UNIVERSITY
Academic Partnerships, LLC, 2018-114.
TRANSPORTATION - OFFICE OF THE SECRETARY
Construction Estimating Institute, 1800002038.
UNIVERSITY OF KENTUCKY
GBBN, A151180; JRA Architects, A171110; Omni Architects, A181090; JRA Architects, A191080.
THE FOLLOWING MEMORANDA OF AGREEMENTS
WERE REVIEWED WITHOUT OBJECTION:
BD OF LICENSURE AND CERT FOR DIETITIANS AND NUTRITIONISTS
Department for Professional Licensing, 1900002140.

BEHAVIORAL HEALTH, DEVELOPMENTAL & INTELLECTUAL DISABILITIES
Kenton County Fiscal Court, 1900002798; Voices of Hope - Lexington, Inc., 1900002799; Justice Cabinet, 1900002983.
COUNCIL ON POSTSECONDARY EDUCATION
University of Kentucky Research Foundation, 1900002922; University of Kentucky Research Foundation, 1900002936.
DEPARTMENT FOR COMMUNITY BASED SERVICES
Community Action Lexington Fayette, 1800001787-1.
DEPARTMENT FOR ENVIRONMENTAL PROTECTION
University of Kentucky Research Foundation, 1900002530; Anderson County Conservation District, 1900002652; Friends of Clarks River National Wildlife Refuge, 1900002836.
DEPARTMENT FOR LIBRARIES & ARCHIVES
Boyle County Public Library, 1900002664; Campbell County Public Library, 1900002665; Casey County Public Library, 1900002676; Corbin Public Library, 1900002682; Fleming County Public Library, 1900002703; Grant County Public Library, 1900002705; Grant County Public Library, 1900002706; Greenup County Public Library, 1900002710; Hart County Public Library, 1900002711; Larue County Public Library, 1900002713; Laurel County Public Library, 1900002716; Lee County Public Library, 1900002718; Lincoln County Public Library, 1900002728; Madison County Public Library, 1900002729; Marion County Public Library, 1900002730; McCreary County Public Library, 1900002731; Metcalfe County Public Library, 1900002739; Nicholas County Public Library, 1900002744; Oldham County Public Library, 1900002745; Russell County Public Library, 1900002751; Spencer County Public Library, 1900002752; Wayne County Public Library, 1900002755; Wolfe County Public Library, 1900002756.
DEPARTMENT FOR LOCAL GOVERNMENT
Gateway Juvenile Diversion Project, Inc., 1900002737; City of Winchester, 1900002774; Johnson County Fiscal Court, 1900002777; Graves County, 1900002843; Pike County Fiscal Court, 1900002990; Daviess County Fiscal Court, 1900002991; Christian County, 1900002992; City of Richmond, 1900002993.
DEPARTMENT FOR PUBLIC HEALTH
Kings Daughters Medical Center, 1900000462; Family Health Centers, Inc., 1900002478.
DEPARTMENT OF AGRICULTURE
Department for Public Health, 1900002754; University of Kentucky Research Foundation, 1900002759; Kentucky 4-H Foundation, 1900002779; Kentucky FFA Foundation, 1900002780.
DEPARTMENT OF CORRECTIONS
Montgomery County, 1900000485; Pennyroyal Regional Mental Health and Mental Retardation Board, 1900000640; University of Kentucky Research Foundation, 1900001364.
DEPARTMENT OF EDUCATION
Bullitt County Board of Education, 1900002199; Bluegrass Community and Technical College, 1900002413; Kentucky Community and Technical

College System, 1900002431; American Youth Policy Forum, 1900002644; Lawrence County Board of Education, 1900002674; Fayette County Board of Education, 1900002708; Johns Hopkins University, 1900002714; University of Kentucky Research Foundation, 1900002715; University of Louisville Research Foundation, 1900002720; University of Kentucky Research Foundation, 1900002734; University of Kentucky Research Foundation, 1900002746; University of Kentucky Research Foundation, 1900002806; Anderson County Board of Education, 1900002852; Bellevue Independent School District, 1900002853; Ludlow Independent School District, 1900002854; Newport Independent School District, 1900002855; Newport Independent School District, 1900002856; Hopkins County Board of Education, 1900002857; Hopkins County Board of Education, 1900002861; Campbell County Board of Education, 1900002862; Casey County Board of Education, 1900002863; Glasgow Independent School District, 1900002864; Russellville Independent School District, 1900002865; Green County Board of Education, 1900002869; Southgate Independent School District, 1900002870; Dayton Independent School District, 1900002871; Hardin County Board of Education, 1900002872; Calloway County Board of Education, 1900002874; Kentucky Educational Development Corporation, 1900002875; Carlisle County Board of Education, 1900002877; Crittenden County Board of Education, 1900002879; Erlanger-Elsmere Board of Education, 1900002880; Erlanger-Elsmere Board of Education, 1900002882; Erlanger-Elsmere Board of Education, 1900002883; Hart County Board of Education, 1900002884; Hart County Board of Education, 1900002885; Fulton County Board of Education, 1900002886; Beechwood Board of Education, 1900002887; Clark County Board of Education, 1900002891; Henderson County Board of Education, 1900002895; Hickman County Board of Education, 1900002896; McCracken County Board of Education, 1900002897; Mercer County Board of Education, 1900002898; Montgomery County Board of Education, 1900002901; Monroe County Board of Education, 1900002907; Murray Independent School District, 1900002910; Owensboro Independent School District, 1900002911; Owsley County Board of Education, 1900002913; Pendleton County Board of Education, 1900002915; Pulaski County Board of Education, 1900002918; Russell Independent School District, 1900002919; Todd County Board of Education, 1900002920; Washington County Board of Education, 1900002923; Whitley County Board of Education, 1900002924; Bowling Green Independent School District, 1900002925; Warren County Board of Education, 1900002930; Warren County Board of Education, 1900002931; Bullitt County Board of Education, 1900002932; Bracken County Board of Education, 1900002939; Rowan County Board of Education, 1900002966.
DEPARTMENT OF MILITARY AFFAIRS
Multi, 1900002829.
DEPARTMENT OF TRAVEL
Multi, 1900002773; Multi, 1900002817; Multi, 1900002818; Multi, 1900002825; Multi, 1900002826; Multi, 1900002845; Multi, 1900002846; Multi, 1900002849; Multi, 1900002850.

HORSE RACING COMMISSION

University of Kentucky Research Foundation, 1900002544.

TRANSPORTATION - OFFICE OF THE SECRETARY

Department of Corrections, 1800001604; University of Kentucky Research Foundation, 1900002801; University of Kentucky Research Foundation, 1900002802; University of Kentucky Research Foundation, 1900002804; University of Kentucky Research Foundation, 1900002805.

THE FOLLOWING MEMORANDA OF AGREEMENT AMENDMENTS

WERE REVIEWED WITHOUT OBJECTION:

ADMINISTRATIVE OFFICE OF THE COURTS

Pennyroyal Mental Health, 1500001338; Pennyroyal Mental Health, 1700001120; Chrysalis House, Inc., 1800001095.

BEHAVIORAL HEALTH, DEVELOPMENTAL & INTELLECTUAL DISABILITIES

Department of Public Advocacy, 1800002115; ARC of Kentucky, Inc., 1800002132; University of Kentucky Research Foundation, 1900000711.

DEPARTMENT FOR COMMUNITY BASED SERVICES

Audubon Area Community Services, 1800001657; Community Action Kentucky, Inc., 1800001787; Kentucky Association of Sexual Assault Programs, 1800001967.

DEPARTMENT FOR PUBLIC HEALTH

University of Kentucky Research Foundation, 1800001731.

DEPARTMENT FOR WORKFORCE INVESTMENT

Multi, 1900002079.

DEPARTMENT OF EDUCATION

Jefferson County Board of Education, 1900001107; Bullitt County Board of Education, 1900001730.

DEPARTMENT OF MILITARY AFFAIRS

University of Kentucky Research Foundation, 1700000991.

THE FOLLOWING FILM TAX INCENTIVES

WERE REVIEWED WITHOUT OBJECTION:

TOURISM - OFFICE OF THE SECRETARY

Lucky Day Studios, LLC, 1900002789; Lucky Day Studios, LLC, 1900002812; Lucky Day Studios, LLC, 1900002813; Fast Carrier Pictures, Inc., 1900002873; Work Light Productions, LLC / Sisters Tour, LLC, 1900002971; Neponset Circle, LLC, 1900002972; Stargazer 2019J, LLC, 1900002973.

THE FOLLOWING FILM TAX INCENTIVE AMENDMENTS WERE REVIEWED WITHOUT OBJECTION:

TOURISM - OFFICE OF THE SECRETARY

Lucky Day Studios, LLC, 1900002791; Lucky Day Studios, LLC, 1900002793.

THE FOLLOWING PERSONAL SERVICE CONTRACTS

WERE SELECTED FOR FURTHER REVIEW:

ATTORNEY GENERAL

Oculus Studios, LLC, 1900002727. Fran Pinkston and Mike Schwendau discussed the contract with the committee. A motion was made by Senator Raque Adams to consider the contract as reviewed. Representative Hart seconded the motion, which passed without objection.

DEPARTMENT OF CORRECTIONS

KPMG, LLP, 1900002851. Stacy Woodrum and Andrew English discussed the contract with the committee. A motion was made by Senator Raque Adams to consider the contract as reviewed. Representative Hart seconded the motion, which passed with Senator Meredith and Senator Hornback voting no.

KENTUCKY STATE POLICE

Henry St. George Carmichael IV, 1900002653; Jonathan McChesney, 1900002654; Jeffrey L. Jacobs, 1900002947; Toney Gene Allen, 1900002948; Robert A. Maxwell, 1900002956; Anthony C. Blakemore, 1900003001. Jeremy Hamm and Andrew English discussed the contracts with the committee. A motion was made by Senator Hornback to consider the contracts as reviewed. Representative Hart seconded the motion, which passed without objection.

KY TEACHERS RETIREMENT SYSTEM

Stoll Kennon Ogden, PLLC, 0009. Beau Barnes discussed the contract with the committee. A motion was made by Representative Fugate to consider the contract as reviewed. Representative Hart seconded the motion, which passed without objection.

SECRETARY OF STATE

Dinsmore & Shohl, LLP, 1900002893. Lindsay Hughes Thurston discussed the contract with the committee. A motion was made by Representative Hart to consider the contract as reviewed. Representative Gentry seconded the motion, which passed without objection.

UNIVERSITY OF KENTUCKY

Pinnacle Healthcare Consulting, LLC, K19-226; Nexera, Inc., K19-227; Managed Resources, Inc., K19-228; Newmark Southern Region, LLC, K19-229. Barry Swanson, Craig Collins, and Bart Hardin discussed the contracts with the committee. A motion was made by Senator Raque Adams to consider the contracts as reviewed. Representative Hart seconded the motion, which passed without objection.

THE FOLLOWING PERSONAL SERVICE AMENDMENTS

WERE SELECTED FOR FURTHER REVIEW:

DEPARTMENT FOR PUBLIC HEALTH

Multi, 1900001166; Multi, 1900001304. Emily Anderson, Dr. Connie White, and Andrea Flincham discussed the contracts with the committee. A motion was made by Representative Hart to consider the contracts as reviewed. Representative Fugate seconded the motion, which passed without objection.

THE FOLLOWING MEMORANDA OF AGREEMENTS

WERE SELECTED FOR FURTHER REVIEW:

KY INFRASTRUCTURE AUTHORITY

Barren River Area Development District, 1900002396; Bluegrass Area Development District, 1900002479; Cumberland Valley Area Development District, 1900002482; Green River Area Development District, 1900002485; Kentuckiana Regional Planning & Development Agency, 1900002486; Lake Cumberland Area Development District, 1900002489; Lincoln Trail Area Development District, 1900002491; Northern Kentucky Area Development District, 1900002493; Pennyrile Area Development, 1900002496; Purchase Area Development District,

Inc., 1900002497. Donna McNeil and Greg Ladd discussed the contracts with the committee. A motion was made by Senator Raque Adams to consider the contracts as reviewed. Representative Hart seconded the motion, which passed without objection.

EXEMPTION REQUESTS:

ENERGY AND ENVIRONMENT CABINET:

The Energy and Environment Cabinet requested an exemption from the two year contracting restrictions and an exemption from the committee's routine review process for Division of Abandoned Mine Lands Waterline Memoranda of Agreements and will file quarterly reports. A motion was made by Representative Fugate to grant the request to December 31, 2020. Representative Hart seconded the motion, which passed without objection.

ENERGY AND ENVIRONMENT CABINET:

The Energy and Environment Cabinet requested an exemption from the two year contracting restrictions and an exemption from the committee's routine review process for Division of Abandoned Mine Land Economic and Community Pilot Program Memoranda of Agreements and will file quarterly reports. A motion was made by Representative Fugate to grant the request to December 31, 2020. Representative Hart seconded the motion, which passed without objection.

DEPARTMENT OF MILITARY AFFAIRS:

The Department of Military Affairs requested an exemption from the committee's routine review process for federally funded Emergency Management Performance Grant FEMA funded MOA's and Grants for declared emergencies and will provide the committee with quarterly reports. A motion was made by Representative Fugate to grant the request to December 31, 2019. Representative Hart seconded the motion, which passed without objection.

DEPARTMENT OF MILITARY AFFAIRS

The Department of Military Affairs requests an exemption from the committee's routine review process for federally funded Chemical Stockpile Emergency Program (CSEPP) agreements, Emergency Management Performance Grant (EMPG) agreements, and FEMA funded MOAs and Grants for declared emergencies, and will provide the committee with quarterly reports. A motion was made by Representative Fugate to grant the request to December 31, 2019. Representative Hart seconded the motion, which passed without objection.

DEPARTMENT OF MILITARY AFFAIRS:

The Department of Military Affairs requested an exemption from the committee's routine review process for federally funded Emergency Management Performance Grant (EMPG) Agreements and will provide the committee with quarterly reports. A motion was made by Representative Fugate to grant the request to December 31, 2019. Representative Hart seconded the motion, which passed without objection.

There being no further business, the meeting adjourned at 11:25 AM.

2019 Prefiled Bills

BR3 - Senator Gerald Neal
(6/6/2018)

AN ACT relating to racial and ethnic community criminal justice and public safety impact statements.

Create new sections of KRS Chapters 6 and 15A to make legislative findings and require racial and ethnic community criminal justice and public safety impact statements for certain legislation and administrative regulations.

(Prefiled by the sponsor(s).)

BR4 - Senator Gerald Neal
(6/6/2018)

AN ACT relating to prosecutions under criminal gang statutes.

Create a new section of KRS Chapter 506 to require a report for any charge or conviction under KRS 506.120, 506.135, 506.140, 506.150, 506.160, 506.170, 506.180, or 506.190.

(Prefiled by the sponsor(s).)

BR7 - Representative DJ Johnson
(6/27/2018)

AN ACT relating to property taxes for veteran service organizations.

Create a new section of KRS Chapter 132 to allow any veteran service organization that is exempt from federal income tax under Section 501(c)(19) of the United States Internal Revenue Code to be exempt from all city and county property taxes, if certain conditions are met; authorize the Department of Revenue to promulgate administrative regulations.

(Prefiled by the sponsor(s).)

BR12 - Representative Jerry Miller
(10/24/2018)

AN ACT relating to local investments.

Amend KRS 66.480, relating to investments for local governments, political subdivisions, and school districts, to use and define the term “competent rating agency” in lieu of “nationally recognized rating agency” throughout the statute; allow investment in individual equity securities meeting specified requirements, individual high-quality corporate bonds meeting specified requirements, and provide that the investment of the funds allowed under specified sections does not exceed 40% of the total money invested; restrict investment to no more than 5% of the total amount

of money in any one issuer; set out exemptions.
(Prefiled by the sponsor(s).)

BR15 - Representative Dennis Keene
(9/7/2018)

AN ACT relating to sports wagering and making an appropriation therefor.

Create a new section of KRS Chapter 154A to require the Kentucky Lottery Corporation to institute a sports wagering system; amend KRS 154A.010 to define “collegiate sports contest,” “net sports wagering receipts,” “professional sports contest,” and “sports wagering”; amend KRS 154A.030 to prohibit owners of professional sports teams from serving on the board; amend KRS 154A.050 and 154A.060 to include sports wagering; amend 154A.063 to allow the corporation to accept wagers on collegiate and professional sports contests; amend KRS 154A.065 to prohibit sports wagers on horse racing; amend KRS 154A.070 to include sports wagering; amend KRS 154A.090 to include sports wagering retailers; amend KRS 154A.110 to prohibit sales of sports wagers to persons under 18 years of age, provide for the allocation of unclaimed sports wager prize money, and restrict owners, coaches players, and others involved in a sporting contest from placing sports wagers; create new sections of KRS Chapter 154A to permit sports wagering at lottery retailers, horse racing tracks, and simulcast facilities; require the corporation to promulgate administrative regulations needed to establish and oversee sports wagering and prohibit participants in sporting events from placing wagers on games in which they are participating; create new sections of KRS Chapter 154A to establish the sports wagering distribution trust fund and a problem gambling awareness and treatment fund and limit uses of the sports wagering revenue to administrative costs, problem gambler treatment funding, and pension system funding; amend KRS 154A.120 to include sports wagering; amend KRS 154A.130 to exempt sports wagering receipts and specify that sports wagering receipts shall be deposited in the sports wagering distribution trust fund; amend KRS 154A.400 and 154A.410 to include sports wagering; amend KRS 154A.420 to include sports wagering and allow the corporation to require a retailer to establish a separate sports wagering electronic funds transfer account, where available; amend KRS 154A.430 to include sports wagering; amend KRS 154A.440 to require retailers to accept sports wagers only at the location listed on their contract; amend KRS 154A.600 and 154A.650 to include sports wagering; amend KRS 154A.990

to establish penalties for selling a sports wager to anyone under 18 years of age, to establish the crime of tampering with the outcome of a sporting event, to prohibit participants from wagering on a sporting event, and establish penalties; APPROPRIATION.

(Prefiled by the sponsor(s).)

BR21 - Representative Rob Rothenburger,
Representative Mark Hart
(9/4/2018)

AN ACT relating to fire protection and making an appropriation therefor.

Amend KRS 95A.520 and 95A.540, relating to volunteer fire department mergers, to make it applicable to volunteer fire departments merging prior to the effective date of the Act; create a new section of KRS Chapter 95A to provide that for volunteer fire departments merging after the effective date of the Act, the Fire Commission shall pay to the departments the number of qualified shares of volunteer fire department aid each is entitled to for a period of 20 years after the date of the merger, upon the expiration of which the merged department receives only one share; provide contingency protocols if the merged fire department becomes unqualified; create a new section of KRS Chapter 95A to provide a contingency protocol if a new volunteer fire department is created out of the merged one during the 20 year period; create new sections of KRS Chapter 75 to allow an alternative tax rate and board structure for fire districts electing to do so; set tax rate at a maximum of \$0.15 for a district, and maximum of \$0.25 for a district operating the sole emergency ambulance service and make the tax subject to the recall provisions; establish a seven member board of which one is appointed by the county executive head, four are elected by persons owning property within the district, and two are firefighters of the districts elected by the firefighters of the district; set election procedures and times; amend KRS 132.023, relating to tax recall provisions, to integrate applicable fire districts, as defined in the section, within the scope of the section.

(Prefiled by the sponsor(s).)

BR22 - Representative Mary Lou Marzian
(8/22/2018)

AN ACT relating to public charter schools.
Amend KRS 156.095 to remove references to public charter schools; repeal KRS 160.1590, 160.1591, KRS 160.1592, 160.1593,

160.1594, 160.1595, 160.1596, 160.1597, 160.1598, 160.1599, and 161.141.

(Prefiled by the sponsor(s).)

BR24 - Representative John Blanton
(9/20/2018)

AN ACT relating to the taxation of pension income, making an appropriation therefor, and declaring an emergency.

Amend KRS 141.019 to increase the pension income exclusion from \$31,110 to \$41,110; declare this Act to apply retroactively for taxable years beginning on or after January 1, 2018; require the Department of Revenue to automatically issue refunds; APPROPRIATION; EMERGENCY.

(Prefiled by the sponsor(s).)

BR25 - Senator John Schickel
(8/28/2018)

Honor the life and accomplishments of Jack Reno.

(Prefiled by the sponsor(s).)

BR26 - Senator John Schickel
(8/28/2018)

Honor Judge Charles T. Moore upon the occasion of his retirement.

(Prefiled by the sponsor(s).)

BR27 - Senator John Schickel
(8/24/2018)

Honor Father Richard G. Bolte for his many years of service.

(Prefiled by the sponsor(s).)

BR28 - Representative Chris Harris, Representative Angie Hatton
(5/30/2018)

AN ACT relating to public utilities.

Create new section of KRS 278.010 to 278.450 to set a residential fixed customer charge to recover no more than fixed capital costs for metering, billing, service connections, and customer service for electric, natural gas, and water utilities; amend KRS 278.010 to define “customer charge”; amend KRS 278.030 to include affordability as a criterion for utility rates and to establish that the policy of the Commonwealth is to require costs to be reasonable and to provide for their recovery; require the Public Service Commission to balance the interests of the utility, investors, and consumer in establishing fair, just, reasonable and affordable rates; amend KRS 278.183 to require that the costs paid through the environmental surcharge and subjected to two year review are subject to apportionment of

fixed, direct capital costs for metering, billing, connection, and service; amend KRS 278.190 to allow the commission to examine the determination of costs and apply standards for rates that include affordability and balancing of interests of various parties affected by the rate; amend KRS 278.255 to require a management and operations audit beginning December 31, 2019, and every five years thereafter and to require the results of the audit be made available on the Public Service Commission and each audited utility’s Web site; exempt electric distribution cooperatives from the initial and periodic audit requirements; amend KRS 278.260 to require the Public Service Commission to give the Office of the Attorney General’s Office of Rate Intervention notice of any investigation into unreasonable or discriminatory rates, measurements or practices by a utility under its jurisdiction.

(Prefiled by the sponsor(s).)

BR29 - Senator Julian Carroll
(6/15/2018)

AN ACT relating to sports wagering and making an appropriation therefor.

Create a new section of KRS Chapter 230 to require the Kentucky Horse Racing Commission to institute a sports wagering system; amend KRS 230.210 to define “exempt sports contest,” “net sports wagering receipts,” “sports wagering,” and “sports wagering facility”; amend KRS 230.215 to declare it the policy of the Commonwealth to encourage the conduct of wagering on sporting events, and to vest forceful control over sports wagering in the racing commission; amend KRS 230.225 to include sports wagering and to include consideration of members of professional and collegiate sports organizations in the Governor’s appointments to the commission; amend KRS 230.240 to allow the director of the racing commission to take personnel action relating to sports wagering; amend KRS 230.260 to include promotion of fair sports wagering among the purposes of the racing commission; create a new section of KRS Chapter 230 to establish licensing requirements and establish a licensing fee of \$250,000; create a new section of KRS Chapter 230 to require the racing commission to promulgate administrative regulations prescribing the manner in which sports wagering shall be conducted; provide minimum criteria; prohibit participants from wagering on a sporting event; create a new section of KRS Chapter 138 to establish a 3 percent tax on the total amount wagered at sports wagering facilities; create a new section of KRS Chapter 230 to establish the sports wagering distribution trust fund and appropriate moneys from that fund; amend KRS 230.320 to include sports wagering among the activities that are regulated by the racing commission; amend KRS 230.360 to include sports wagering among the activities that are not

subject to local control; amend KRS 230.990 to establish penalties for tampering with the outcome of a sporting event and participant wagering on a sporting event, amend KRS 243.500 to exempt sports wagering.

(Prefiled by the sponsor(s).)

BR31 - Representative Attica Scott
(7/24/2018)

AN ACT relating to public charter schools.

Amend KRS 156.095 to remove references to public charter schools; repeal KRS 160.1590, KRS 160.1591, KRS 160.1592, KRS 160.1593, KRS 160.1594, KRS 160.1595, KRS 160.1596, KRS 160.1597, KRS 160.1598, KRS 160.1599, and KRS 161.141.

(Prefiled by the sponsor(s).)

BR32 - Representative Attica Scott
(6/21/2018)

AN ACT relating to the investigation of a shooting or deadly incident by a law enforcement officer.

Create new sections of KRS Chapter 15A to provide definitions and establish an Officer Shooting Review Board to investigate any shooting of an individual by a law enforcement officer or officers or any deadly incident involving law enforcement; set requirements for board members; provide duties of the board; specify requirements related to investigatory work performed by the Kentucky State Police Critical Incident Response Team on behalf of the board; establish investigatory procedures and protocols; provide requirements for submission of the board’s report to the Commonwealth’s attorney of the jurisdiction in which the shooting or deadly incident took place or to the Attorney General; provide requirements for independent investigation of any shooting of an individual by a law enforcement officer or officers or any deadly incident involving law enforcement.

(Prefiled by the sponsor(s).)

BR36 - Representative Kim King
(6/12/2018)

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).)

BR37 - Representative Kim King
(7/19/2018)

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 state fiscal measure, including an appropriation or revenue-raising measure, voted upon in the Senate or House of Representatives or a committee thereof; require identification of any state fiscal measure by the director of the Legislative Research Commission upon request of a legislator, the Senate, the House of Representatives, or a committee of the Senate or House; require separate votes for any state fiscal measure.

(Prefiled by the sponsor(s).)

BR45 - Senator Julie Adams
(8/21/2018)

AN ACT establishing the Kentucky Rare Disease Advisory Council and making an appropriation therefor.

Create new sections of KRS Chapter 211 to establish the Kentucky Rare Disease Advisory Council; list members to be appointed by the Governor; state the duties of the council; require a report of council activities; create a rare disease trust fund to be administered by the Cabinet for Health and Family Services to finance the operation of the council and support rare disease research and treatment; require a report on expenditures from the fund; provide that the council shall to cease to exist on December 1, 2029, unless reestablished by the General Assembly.

(Prefiled by the sponsor(s).)

BR47 - Representative Regina Huff
(9/13/2018)

AN ACT relating to family resource and youth services centers.

Amend KRS 156.496 to allow school districts to accept monetary donations for the operation and maintenance of family resource and youth services centers; require that donations be used exclusively for those purposes.

(Prefiled by the sponsor(s).)

BR48 - Senator Gerald Neal
(6/19/2018)

AN ACT relating to firearm storage.

Create a new section of KRS Chapter 527 to prohibit the unlawful storage of a firearm.

(Prefiled by the sponsor(s).)

BR51 - Senator Alice Kerr
(8/17/2018)

AN ACT relating to pregnancy-related discrimination.

Amend KRS 344.030 to include within the definition of “reasonable accommodation” accommodations made for pregnancy, childbirth, and related medical conditions; define “related medical condition”; amend KRS 344.040 to make it unlawful for an employer to fail to accommodate an employee affected by pregnancy, childbirth, or a related medical condition; require employers to provide notice to all employees regarding the right to be free from discrimination for pregnancy, childbirth, and related medical conditions.

(Prefiled by the sponsor(s).)

BR55 - Representative Mark Hart
(9/14/2018)

AN ACT relating to local boards of education.

Amend KRS 160.190 to change a local board vacancy from being appointed by the chief state school officer to being appointed by a majority vote of the local board; establish a timeline and procedures of appointment; establish a procedure for a failure to make appointment by local board; make changes throughout to conform.

(Prefiled by the sponsor(s).)

BR64 - Representative Attica Scott
(7/31/2018)

AN ACT relating to an exemption of feminine hygiene products from sales and use taxation.

Amend KRS 139.010 to define feminine hygiene products; amend KRS 139.480 to exempt from sales and use tax the sale or purchase of feminine hygiene products; apply to sales or purchases made after August 1, 2019, but before August 1, 2023; require Department of Revenue to report to the Interim Joint Committee on Appropriations and Revenue the amount of exemptions claimed.

(Prefiled by the sponsor(s).)

BR65 - Representative Attica Scott
(7/31/2018)

AN ACT relating to the exemption certain baby products from sales and use taxation.

Amend KRS 139.010 to define “diapers”; amend KRS 139.480 to exempt from sales and use tax the sale or purchase of diapers and certain baby products; provide that the exemptions apply to sales or purchases made after August 1, 2019, but before August 1, 2023; require the Department of Revenue to report to the Interim

Joint Committee on Appropriations and Revenue the amount of exemptions claimed.

(Prefiled by the sponsor(s).)

BR66 - Representative Walker Wood Thomas, Representative Jim DuPlessis, Representative DJ Johnson, Representative Dean Schamore
(10/10/2018)

AN ACT relating to domestic violence.

Amend KRS 525.135 to prohibit pretrial diversion for a person charged with torture of a dog or cat, to make torture of a dog or cat a Class D felony, and to prohibit any form of early release for those who torture a dog or cat as a way to threaten, intimidate, coerce, harass, or terrorize a family member or member of a dating relationship; amend KRS 533.250 to prohibit the pretrial diversion program from being used for someone charged with torture of a dog or cat.

(Prefiled by the sponsor(s).)

BR67 - Representative Rob Rothenburger
(9/7/2018)

AN ACT relating to local procurement.

Amend KRS 45A.385 to increase from \$20,000 to \$30,000 the maximum amount of a contract for which a local public agency may use small purchase procedures; amend KRS 424.260 to allow local officials to make contracts up to \$30,000, rather than up to \$20,000, without taking out newspaper advertisements for bids.

(Prefiled by the sponsor(s).)

BR69 - Senator Julie Adams
(8/31/2018)

AN ACT relating to mental illness.

Amend KRS 532.130, 532.135, and 532.140 to add a diagnosis of serious mental illness to the disabilities which prevent execution for persons convicted of capital offenses.

(Prefiled by the sponsor(s).)

BR71 - Representative Myron Dossett
(11/5/2018)

AN ACT relating to resale certificates for sales and use tax and declaring an emergency.

Amend KRS 139.010, 139.260, 139.270, 139.280, and 139.720 to exclude services taxed by KRS 139.200 from tax when being resold; EMERGENCY.

(Prefiled by the sponsor(s).)

BR72 - Representative Dennis Keene
(9/7/2018)

AN ACT relating to exempting admissions to events held by nonprofit organizations from sales

and use taxation.

Amend KRS 139.470 to exempt from sales and use tax the sale of admissions to events held by nonprofit organizations and to remove the specific exemption for county fairs to conform; amend KRS 139.200 to conform; apply to transactions occurring on or after July 1, 2019.

(Prefiled by the sponsor(s).)

BR76 - Representative David Osborne, Representative Lynn Bechler, Representative Danny Bentley, Representative John Blanton, Representative Kevin Bratcher, Representative Larry Brown, Representative John Carney, Representative Myron Dossett, Representative Jim DuPlessis, Representative Daniel Elliott, Representative Joseph Fischer, Representative Ken Fleming, Representative Jim Gooch Jr., Representative David Hale, Representative Mark Hart, Representative Richard Heath, Representative Regina Huff, Representative DJ Johnson, Representative Kim King, Representative Adam Koenig, Representative Stan Lee, Representative Chad McCoy, Representative David Meade, Representative Suzanne Miles, Representative Jerry Miller, Representative Phil Moffett, Representative Tim Moore, Representative Kimberly Moser, Representative Jason Nemes, Representative Jason Petrie, Representative Phillip Pratt, Representative Melinda Prunty, Representative Brandon Reed, Representative Sal Santoro, Representative Diane St. Onge, Representative Walker Wood Thomas, Representative James Tipton, Representative Tommy Turner
(7/13/2018)

AN ACT relating to nonprofit exemptions in taxation and declaring an emergency.

Amend KRS 139.495 to exempt from sales and use tax the sale of admissions by nonprofit educational, charitable, or religious institutions; amend KRS 139.200 to add the exemption; amend KRS 132.195 to exempt from property tax leasehold interests in property owned by a purely public charity when the property and income are used to further the purely public charity's mission; EMERGENCY.

(Prefiled by the sponsor(s).)

BR84 - Senator John Schickel
(9/14/2018)

Honor the life and accomplishments of William "Bill" Edgar Graves.
(Prefiled by the sponsor(s).)

BR94 - Representative David Meade
(9/6/2018)

AN ACT relating to the taxation of admissions for sales and use tax.

Amend KRS 139.010 to exclude fees paid to enter or participate in a fishing tournament and fees paid for the usage of a boat ramp from the definition of admissions; apply to fees paid on or after July 1, 2018.

(Prefiled by the sponsor(s).)

BR96 - Representative Robert Goforth
(9/24/2018)

Direct the Transportation Cabinet to designate a bridge on Interstate 75 in Laurel County in honor and memory of fallen soldier SFC Lance Scott Cornett.

(Prefiled by the sponsor(s).)

BR97 - Representative Robert Goforth
(10/5/2018)

AN ACT relating to concealed deadly weapons.

Amends KRS 527.020, 237.110, 237.115, 244.125, and 527.070 to remove location restrictions for persons with a concealed deadly weapon license.

(Prefiled by the sponsor(s).)

BR98 - Representative Robert Goforth
(8/29/2018)

AN ACT relating to an emergency contact information registry.

Create a new section of KRS 186.400 to 186.640 to establish an emergency contact information registry within the Kentucky Driver's License Information System.

(Prefiled by the sponsor(s).)

BR99 - Representative Robert Goforth
(10/5/2018)

AN ACT relating to the renewal of identity documents.

Amend KRS 186.4101 to clarify schedules for renewal of operator's licenses and personal ID cards; allow individuals whose operator's licenses will expire while they are out of the country to renew those licenses prior to the six-month window prior to expiration.

(Prefiled by the sponsor(s).)

BR103 - Representative Rick Nelson
(7/20/2018)

AN ACT relating to minimum staffing requirements for long-term care facilities.

Create new sections of KRS Chapter 216B to require staff-to-resident ratios in long-term care facilities as a condition of licensure or relicensure; establish minimum staffing requirements; prohibit long-term care facilities from

admitting new residents if the facility fails to comply with the minimum staffing requirements, beginning on the second day of noncompliance and continuing until six days after the required staffing is achieved, with exceptions allowed for weather emergencies and other similar events; require additional staffing based on the needs of the residents; exempt intermediate-care facilities for persons with intellectual disabilities, institutions for the treatment of mental illnesses, personal care homes, and family care homes from the minimum staffing requirements; create a 17-member board to review staffing requirements on an annual basis; establish a civil fine of no more than \$1,000 for each day that the staffing requirements are not maintained; establish legislative findings and declarations.

(Prefiled by the sponsor(s).)

BR106 - Representative Robert Goforth
(9/24/2018)

AN ACT relating to all-terrain vehicles and making an appropriation therefor.

Amend KRS 186.010 to specify that for registration purposes an all-terrain vehicle (ATV) shall be considered a motor vehicle; amend KRS 186A.070 to allow ATVs operating under this bill to operate on roadways of the Commonwealth; create new sections of KRS Chapter 189 to allow a person to operate an all-terrain vehicle on roadways in the Commonwealth; outline requirements for operation; establish a fee of \$25 for registration; allow a local government to allow or prohibit ATV operation on roadways in its jurisdiction; provide for nonresident reciprocity; require the Transportation Cabinet to promulgate administrative regulations; allow nonresidents to operate an ATV on roadways of the Commonwealth; outline requirements; establish a fee of \$25 for registration; specify that registration is valid for one year; amend KRS 189.515 to specify that the section shall only apply to ATVs that have not been registered for highway operation; amend KRS 189.990 to establish a fine of \$20 to \$50 for a violation of Section 3 or 4 of this Act.

(Prefiled by the sponsor(s).)

BR107 - Representative Robert Goforth
(8/29/2018)

AN ACT proposing to amend Sections 99, 124, and 144 of the Constitution of Kentucky relating to a Judge of the County Court.

Propose to amend Sections 99, 124, and 144 of the Constitution of Kentucky to eliminate the Office of Judge of County Court in urban-county governments; submit to the voters for approval or disapproval.

(Prefiled by the sponsor(s).)

BR120 - Representative Kevin Bratcher
(8/15/2018)

AN ACT relating to the safety of canines and felines.

Create a new section of KRS Chapter 411 to provide civil immunity for damaging a vehicle if a person enters the vehicle with the reasonable, good-faith belief that a dog or cat is in immediate danger of death if not removed.

(Prefiled by the sponsor(s).)

BR121 - Representative Kevin Bratcher
(8/15/2018)

AN ACT relating to an animal abuse registry.

Create new sections of KRS Chapter 17 to establish the animal abuse offender registry; require the Kentucky State Police to maintain a registry of offenders who commit an animal abuse offense; establish the animal abuse offender registry fund; amend KRS 525.130 to increase the penalty for cruelty to animals in the second degree to a Class D felony for a second or subsequent offense; establish a short title of “Arrow’s Law”; APPROPRIATION.

(Prefiled by the sponsor(s).)

BR134 - Representative Lynn Bechler,
Representative Brandon Reed
(9/26/2018)

AN ACT relating to sanctuary cities and universities.

Amend KRS 65.133 to require local law enforcement agencies and Kentucky State Police to enforce immigration laws; create a new section of KRS Chapter 65 to define terms, including “sanctuary” and “sanctuary policy”; prohibit local governments from adopting sanctuary policies; establish hearing procedures for determination of sanctuary status; provide for the withholding of state funding from sanctuaries; create new sections of KRS Chapter 164 to prohibit postsecondary educational institutions from enrolling, employing, or contracting with illegal aliens; require postsecondary educational institutions to keep records of immigration status; provide for the withholding of state funding from postsecondary educational institutions that enroll, employ, or contract with illegal aliens; limit who may be considered a Kentucky resident for in-state tuition purposes.

(Prefiled by the sponsor(s).)

BR138 - Representative Robert Goforth
(8/29/2018)

AN ACT relating to homestead food operators and homestead food products.

Create a new section in KRS Chapter 217C to define “homestead food operator,” “potentially hazardous food,” and “homestead food product”; create a new section in KRS Chapter 217C to allow homestead food operators and homestead food products to be exempt from licensure and permitting as required by the Cabinet for Health and Family Services; repeal KRS 217C.090, relating to the sale of unpasteurized goat milk.

(Prefiled by the sponsor(s).)

BR140 - Representative Joni Jenkins,
Representative McKenzie Cantrell
(9/24/2018)

AN ACT relating to workers’ compensation for first responders.

Amend KRS 342.0011 to clarify definition of “injury” to include psychological injuries for certain employees; create a new section of KRS Chapter 342 to set out when the psychological injuries are valid workers’ compensation claims when no physical injury exists.

(Prefiled by the sponsor(s).)

BR141 - Representative Joni Jenkins
(9/20/2018)

AN ACT relating to employment schedules.

Create new sections of KRS Chapter 337 to require employers to give employees a written good-faith estimate of the employee’s work schedule at the time of hire, maintain a voluntary standby list of employees who wish to work additional hours, post weekly work schedules at least seven days in advance, and provide certain rest periods for employees, during which the employee is not scheduled; provide that an employee may identify time limitations for scheduling work hours; establish the rate of compensation to be paid if an employer changes the schedule; set forth unlawful practices; amend KRS 337.990 to establish a penalty for violations of Sections 1 to 8 of this Act.

(Prefiled by the sponsor(s).)

BR142 - Representative Joni Jenkins
(9/20/2018)

AN ACT relating to leave from employment for crime victims.

Amend KRS 337.415, relating to court-ordered appearances by employees, to prohibit employers from discharging or retaliating against an employee who is a crime victim when the employee takes leave to attend proceedings associated with a crime; require an employee to give an employer reasonable notice to take leave when practicable; provide guidelines for use of paid leave; require the employer to maintain confidentiality of records and communication with employee crime victim; create a penalty for failing to maintain confidentiality;

define terms.

(Prefiled by the sponsor(s).)

BR144 - Representative Chad McCoy
(9/7/2018)

AN ACT relating to charitable gaming.

Amend KRS 238.545 to remove some of the restrictions on the frequency with which charity fundraising events may be held at unlicensed facilities.

(Prefiled by the sponsor(s).)

BR155 - Representative Dennis Keene
(9/10/2018)

AN ACT relating to drug treatment and prevention and making an appropriation therefor.

Create a new section of KRS Chapter 222 to establish the Kentucky addiction prevention, recovery, and enforcement fund; establish administering committee membership; direct all revenues from the Commonwealth related to the drug epidemic to the fund; describe authorized fund expenditures; require fund reporting; APPROPRIATION.

(Prefiled by the sponsor(s).)

BR156 - Representative Regina Huff
(10/3/2018)

AN ACT relating to the display of the national motto in public schools.

Amend KRS 158.195 to require each public elementary and secondary school to display the national motto in a prominent location in the school.

(Prefiled by the sponsor(s).)

BR159 - Representative Brandon Reed,
Representative Kevin Bratcher, Representative Mark Hart, Representative Richard Heath, Representative Melinda Prunty
(8/16/2018)

AN ACT relating to the display of the national motto in public schools.

Amend KRS 158.195 to require each public elementary and secondary school to display the national motto in a prominent location in the school.

(Prefiled by the sponsor(s).)

BR165 - Representative McKenzie Cantrell,
Representative Joni Jenkins
(9/24/2018)

AN ACT relating to earned paid sick leave.

Create a new section of KRS Chapter 337 to require employers to provide earned paid sick leave to employees; provide that employees earn paid sick leave upon the date of hire

and can use the leave after being employed for 90 days; set forth allowable uses of earned paid sick time; designate how notice of need to use sick time is provided by employees; amend KRS 337.990 to establish penalty for employers that fail to follow paid sick leave requirements.

(Prefiled by the sponsor(s).)

BR166 - Representative McKenzie Cantrell,
Representative Joni Jenkins
(9/24/2018)

AN ACT relating to employment provisions for employees on maternity leave.

Create a new section of KRS Chapter 337 to require employers with 50 or more employees to provide six weeks of paid maternity leave for an employee who has been employed for at least one year; allow an employee to waive the paid maternity leave.

(Prefiled by the sponsor(s).)

BR168 - Representative Linda Belcher
(9/12/2018)

AN ACT relating to prevailing wage.

Create new sections of KRS Chapter 337 to establish a prevailing wage law for all public works projects; amend KRS 12.020, 99.480, 227.487, 336.015, 337.010, and 337.990 to conform.

(Prefiled by the sponsor(s).)

BR172 - Representative Attica Scott
(9/5/2018)

AN ACT relating to gang violence.

Amend KRS 506.120 to remove language related to “criminal gang syndicate;” repeal KRS 506.135 relating to definitions, 506.140 relating to criminal gang recruitment, 506.150 relating to criminal gang activity or recruitment, 506.160, relating to minimum service of sentence for defendant acting as a member of a criminal gang KRS 506.170 relating to enhancement of penalty for conviction for criminal gang related felonies, KRS 506.180 relating to cause of action by victim of criminal gang incident, and KRS 506.190 relating to criminal gang-related property subject to forfeiture; amend KRS 532.080 to conform.

(Prefiled by the sponsor(s).)

BR174 - Representative Jeffery Donohue
(9/13/2018)

AN ACT relating to public procurement.

Create new sections of KRS Chapter 45A to set forth findings of the General Assembly and establish a 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; define “manufactured in Kentucky,” “manufactured in the United States,” and “United States”; require preference for iron, steel, and manufactured goods made in Kentucky in construction and maintenance contracts and subcontracts; provide for a waiver of the Kentucky preference requirement; require preference for iron, steel, and manufactured goods made in the United States if the Kentucky waiver is granted; provide for a waiver of the United States preference requirement; establish 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).)

BR175 - Representative Jeffery Donohue
(9/13/2018)

AN ACT relating to economic development incentives.

Amend KRS 154.32.010 to define” minimum weekly wage”; amend KRS 154.32-020 to require an approved company to pay all new full-time employees whose jobs were created as a result of the economic development project no less than the minimum weekly wage and provide employee benefits for those jobs equal to at least 15% of the minimum weekly wage established by the agreement; amend KRS 154.32-030 to delete all provisions that allow the approved company to receive full incentives if 90% of the job and wage requirements are met upon activation or annual review; amend KRS 154.32-040 to delete a provision that would allow the approved company to receive a reduction in tax incentives for failing to meet job and wage requirements; specify that Act’s provisions apply to applications preliminarily approved prior to the Act’s effective date.

(Prefiled by the sponsor(s).)

BR177 - Representative Joni Jenkins
(9/20/2018)

AN ACT relating to the misclassification of employees in the construction industry.

Create new sections of KRS Chapter 337 to set forth legislative findings and declarations behind employee misclassification problems; provide definitions; set forth determination of misclassified workers; set forth investigation process and violations; establish court remedies; require notice by an employer; grant commissioner authority to promulgate administrative regulations; require agencies to share the information of a misclassifying employer to other interested state agencies; amend KRS 337.990 to establish penalties for violations; amend KRS 45A.485 to prohibit contractors with

multiple violations from contracting with the state for two years; amend KRS 131.190 to require the Department of Revenue to provide copies to three other state agencies; create a new section of KRS Chapter 341 to require the Office of Employment and Training to provide copies of orders to three other state agencies; create a new section of KRS Chapter 342 to require the commissioner to provide copies to three other state agencies.

(Prefiled by the sponsor(s).)

BR178 - Representative Brandon Reed
(9/6/2018)

AN ACT relating to a youth crossbow deer hunting season.

Create a new section of KRS Chapter 150 to require the Department of Fish and Wildlife Resources to promulgate administrative regulations to establish a statewide youth crossbow deer hunting season; define terms; require the statewide youth crossbow deer hunting season to take place each year on the same dates established by the department for the statewide archery deer hunting season; require participants to comply with all statewide deer hunting requirements, including supervision requirements for youth deer hunters.

(Prefiled by the sponsor(s).)

BR180 - Representative Danny Bentley,
Representative Melinda Prunty
(9/20/2018)

Urge federal policymakers to incorporate standards for safety and efficacy in the use of medical marijuana.

(Prefiled by the sponsor(s).)

BR181 - Representative Jill York
(8/31/2018)

AN ACT relating to accountability of charitable organizations.

Create a new section of KRS Chapter 367 to require the Office of the Attorney General to make available on a publicly accessible Web site a list of charities that fail to meet the financial accountability standards recommended by the American Institute of Philanthropy’s CharityWatch, based on a three-year average of annual expenditures.

(Prefiled by the sponsor(s).)

BR188 - Senator John Schickel
(10/12/2018)

Honor Robert J. Storer upon the auspicious occasion of his retirement as the Superintendent of the Walton-Verona School District
(Prefiled by the sponsor(s).)

BR194 - Senator John Schickel
(9/17/2018)

Honoring Connie Crigger upon being named by the Kentucky Association of School Administrators as Administrator of the Year for 2018.

(Prefiled by the sponsor(s).)

BR198 - Senator John Schickel
(9/17/2018)

Adjourn the Senate in honor and loving memory of Damian Kevin Stanton
(Prefiled by the sponsor(s).)

BR202 - Representative Jerry Miller
(10/15/2018)

AN ACT relating to reemployment of elected officials.

Amend KRS 61.637 to provide that if an elected official participating in one of the systems administered by Kentucky Retirement Systems retires and is elected to the same office within 12 months of retiring, his or her retirement shall be voided.

(Prefiled by the sponsor(s).)

BR204 - Representative Robert Goforth
(10/5/2018)

AN ACT relating to the reporting of retirement contributions.

Amend KRS 78.625 and 61.675 to require the Kentucky Retirement Systems to notify state and local employers and employees if retirement contributions are not timely made, to list the potential consequences that may result, and to post on the systems' Web site the employer's name and the amount of delinquent contributions.

(Prefiled by the sponsor(s).)

BR205 - Representative Robert Goforth
(10/19/2018)

AN ACT relating to county finance.

Create a new section of KRS Chapter 68 to require counties found deficient by the Auditor of Public Accounts to purchase insurance covering financial losses; set the term of maintenance and minimum coverage amount.

(Prefiled by the sponsor(s).)

BR207 - Representative Regina Huff,
Representative Jill York
(9/13/2018)

AN ACT relating to the taxation of pension income, making an appropriation therefor, and declaring an emergency.

Amend KRS 141.019 to increase the pension income exclusion from \$31,110 to \$41,110; apply retroactively for taxable years beginning on or after January 1, 2018; require the Department of Revenue to automatically issue refunds; APPROPRIATION; EMERGENCY.
(Prefiled by the sponsor(s).)

BR208 - Representative Regina Huff
(9/13/2018)

AN ACT relating to road safety.
Amend KRS 512.070 to include, as criminal littering, permitting unsafe amounts of mowed grass to remain on a highway.
(Prefiled by the sponsor(s).)

BR212 - Representative Ken Fleming ,
Representative Kimberly Moser
(9/26/2018)

AN ACT relating to legislative ethics.
Create new sections of KRS 6.601 to 6.849 to make it ethical misconduct for a legislator, legislative agent, or director of the Legislative Research Commission to engage in discrimination, harassment, or sexual harassment; define "discrimination," "harassment," "sexual harassment," and "workplace complaint"; grant the Legislative Ethics Commission jurisdiction to investigate and proceed upon receipt of a complaint from an employee of the legislative branch regarding discrimination, harassment, or sexual harassment allegedly committed by a legislator, legislative agent, or director of the Legislative Research Commission; require that allegations of discrimination, harassment, or sexual harassment by one employee of the legislative branch against another employee of the legislative branch be referred to the Legislative Research Commission; require the Legislative Ethics Commission to establish a legislative ethics telephone tip line to allow employees of the legislative branch to report complaints of discrimination, harassment, and sexual harassment; require the Legislative Ethics Commission and the Legislative Research Commission to publicize the existence of the legislative ethics telephone tip line; require the legislative ethics telephone tip line to be available 24 hours a day, seven days a week, with the Legislative Ethics Commission providing staff during regular business hours and allowing for recorded messages during nonbusiness hours; require the forwarding of information reported on the legislative ethics telephone tip line to the executive director of the Legislative Ethics Commission or his or her designee on an approved form; provide that within 24 hours of the receipt of a workplace complaint that the Legislative Ethics Commission executive director make an initial determination as to whether a workplace complaint meets the criteria for

consideration and notify the complainant of the determination; provide that the alleged violator shall be notified and given the opportunity to file a written response after receiving a written statement detailing allegations; provide that within seven days of receiving a response or expiration of the deadline for receiving a response from the alleged violator the Legislative Ethics Commission chair, vice chair, and executive director shall interview the complainant, the alleged violator, and any other person with information relevant to the complaint; provide that within 14 business days of completion of the interviews, the Legislative Ethics Commission shall give notice of the status of the workplace complaint and a general statement of applicable law to the complainant and alleged violator; provide that within 30 business days of receipt of a workplace complaint the complaint file shall be closed if the Legislative Ethics Commission chair and vice chair agree that the workplace complaint is resolved or agree that there is no credible allegation of discrimination, harassment, or sexual harassment; allow the Legislative Ethics Commission chair and vice chair to refer a workplace complaint to another federal or state agency if they determine that the case does not fall under the jurisdiction of the Legislative Ethics Commission; if the Legislative Ethics Commission chair and vice chair do not agree whether a workplace complaint is resolved but agree that there is a credible allegation of discrimination, harassment, or sexual harassment, the Legislative Ethics Commission enforcement counsel shall file a complaint; a legislator, legislative agent, or an employee of the legislative branch may file a complaint of discrimination, harassment, or sexual harassment at any time under KRS 6.686; set forth confidentiality provisions; provide that complainants shall not be subject to reprisal; require the annual reporting of complaints processed using the legislative ethics telephone tip line; provide that nothing prevents a legislator, legislative agent, or legislative branch employee from pursuing other avenues to report complaints of discrimination, harassment, or sexual harassment; permit employees who report complaints to seek assistance from the Kentucky Employee Assistance Program or from private health professionals for matters related to workplace complaints; declare that if a provision of KRS 6.601 to 6.849 is designated a misdemeanor or felony, an alleged violation of the provision may be adjudicated by the Legislative Ethics Commission as ethical misconduct; amend KRS 6.661 to restrict political activity by the Legislative Ethics Commission staff; amend KRS 6.686 to allow dismissal of complaints by teleconference held by the Legislative Ethics Commission; allow complaints to be filed against former legislators, former legislative agents, and for employers of former legislative agents for extended periods if they are related to discrimination, harassment, or sexual harassment; if a complainant publicly discloses or

comments on a complaint or preliminary inquiry, the Legislative Ethics Commission may dismiss the complaint without prejudice via teleconference; amend KRS 6.701 to include legislative branch employees in mandatory ethics education already required for legislators; amend KRS 6.716 to require the Legislative Ethics Commission to administer a current issues seminar for legislative branch employees in addition to the existing requirement for legislators; amend KRS 6.787 to include in legislator “statement of financial interests” information regarding out of state travel associated with the performance of legislative duties, including the name of any person or organization who paid for transportation, food, lodging, or travel expenses and the value of the expenses paid.

(Prefiled by the sponsor(s).)

BR238 - Representative Kimberly Moser
(9/14/2018)

AN ACT relating to Kentucky educational excellence scholarships and declaring an emergency.

Amend KRS 164.7884 to allow KEES funds to be used for qualified workforce training programs; EMERGENCY.

(Prefiled by the sponsor(s).)

BR240 - Representative Myron Dossett
(10/15/2018)

AN ACT relating to income tax checkoff programs and making an appropriation therefor.

Create a new section of KRS Chapter 141 to provide taxpayers the option to donate to the Kentucky YMCA Youth Assembly program from their individual income tax refunds; require the Department of Revenue to place the designation on the face of the Kentucky individual income tax return; provide information about the Kentucky YMCA Youth Assembly program in the return’s instructions; transfer the funds designated by taxpayers to the Kentucky YMCA Youth Association by July 1.

(Prefiled by the sponsor(s).)

BR251 - Representative Reginald Meeks
(9/26/2018)

AN ACT relating to operator’s license testing.

Create a new section of KRS Chapter 158 to require that a driver’s education program to include instruction regarding a driver’s conduct during interactions with law enforcement officers; amend KRS 186.480 to require the Kentucky State Police to make a driver manual available in printed format, electronic format, or both, that contains the information needed for an operator’s license examination; require that the manual have a section regarding a driver’s conduct

during interactions with law enforcement officers; require the operator’s license examination to test the driver’s knowledge regarding conduct during interactions with law enforcement officers; amend KRS 186.574 to require the course of instruction for new drivers in the state traffic school to include information on how drivers should act during interactions with law enforcement officers; create a new section of KRS Chapter 332 to require driver training schools to include in the course of instruction for new drivers information on how a driver should act during interactions with law enforcement officers.

(Prefiled by the sponsor(s).)

BR253 - Representative John Sims Jr
(10/24/2018)

AN ACT relating to motor vehicle insurance.

Amend KRS 304.99-060, regarding penalties for operating a motor vehicle with required security, to exempt operators of a motor vehicle who are minors and who do not own the motor vehicle; clarify that owners of a motor vehicle operated without security by a minor shall still be subject to penalties outlined in the section.

(Prefiled by the sponsor(s).)

BR259 - Senator John Schickel
(9/25/2018)

Adjourn the Senate in honor and loving memory of Amy Register Bales.

(Prefiled by the sponsor(s).)

BR264 - Representative Dean Schamore
(11/9/2018)

AN ACT proposing an amendment to Sections 30, 31, and 32 of the Constitution of Kentucky relating to terms of members of the General Assembly.

Propose to amend Sections 30 and 31 of the Constitution of Kentucky to elect Senators for terms of six years beginning in November, 2022, for even-numbered Senatorial districts and beginning in November, 2024, for odd-numbered Senatorial districts, and Representatives for terms of four years beginning in November, 2022; propose to amend Section 32 of the Constitution of Kentucky to prevent Senators from serving more than two consecutive six-year terms of office, and prevent Representatives from serving more than three consecutive four-year terms of office, beginning with those elected in November 2022; allow legislators to resume service in the chamber from which they were term-limited after a full term of office has elapsed; provide ballot language; submit to voters for ratification or rejection.

(Prefiled by the sponsor(s).)

BR271 - Representative Danny Bentley
(10/9/2018)

AN ACT relating to pharmacists.

Amend KRS 217.215 to permit pharmacists to dispense a prescription refill in an amount equal to the standard unit of dispensing for the drug without authorization by the prescribing practitioner in emergency situations in which such authorization may not be readily or easily obtained; require the Board of Pharmacy to promulgate administrative regulations to carry out these provisions.

(Prefiled by the sponsor(s).)

BR272 - Representative Jeffery Donohue
(10/19/2018)

AN ACT relating to special grand juries.

Amend KRS 15.200 to allow the Attorney General to petition the Supreme Court to convene a special grand jury to investigate crimes that cross multiple judicial circuits; amend KRS 15.205 to allow the Attorney General to direct a Commonwealth’s or county attorney to act as a special prosecutor when the Supreme Court approves the Attorney General’s petition for a special grand jury; amend KRS 29A.220 to outline the process and duties of a special grand jury.

(Prefiled by the sponsor(s).)

BR275 - Senator John Schickel
(10/12/2018)

Honor Greg Johnson upon his retirement as the commissioner of the Kentucky Department of Fish and Wildlife Resources.

(Prefiled by the sponsor(s).)

BR276 - Representative Walker Wood Thomas, Representative Tim Moore, Representative Myron Dossett, Representative Mark Hart, Representative DJ Johnson, Representative Phillip Pratt, Representative Dean Schamore
(10/12/2018)

AN ACT relating to an exemption of income taxation for military pensions.

Amend KRS 141.019 to exclude United States military retirees’ pension income from income taxation for taxable years beginning on or after January 1, 2021; require reporting by the Department of Revenue; amend KRS 131.190 to include the reporting within the information that can be provided to the Legislative Research Commission.

(Prefiled by the sponsor(s).)

BR280 - Representative Rob Rothenburger
(11/5/2018)

AN ACT relating to tuition benefits and making an appropriation therefor.

Amend KRS 164.2841, relating to college tuition benefits for spouses and children of specified emergency response personnel and public employees who have died in the course of their duties, to raise the eligibility age for surviving children to under the age of 26; stipulate that the unmarried widow or widower could be of any age to be eligible; specify that the beneficiary is eligible for up to 128 credit hours of undergraduate instruction; amend KRS 164.2842, relating to college tuition benefits for spouses and children of specified emergency response personnel and public employees who have been totally and permanently disabled in the course of their duties, to raise the eligibility age for children to under the age of 26; retain provision stipulating that the unmarried widow or widower could be of any age to be eligible; specify that the beneficiary is eligible for up to 128 credit hours of undergraduate instruction.

(Prefiled by the sponsor(s).)

BR299 - Representative George Brown Jr
(10/29/2018)

AN ACT relating to firearms.

Create a new section of KRS Chapter 527 to make it a crime to unlawfully store a firearm; establish elements of the crime for recklessly allowing access to an unsecured firearm by a minor; establish the crime as a Class B misdemeanor unless a physical injury results, in which case it is a Class A misdemeanor; exempt this section from KRS 6.945(1).

(Prefiled by the sponsor(s).)

BR304 - Senator Paul Hornback
(10/10/2018)

AN ACT relating to grain discounts.

Amend KRS 251.015 to authorize the Department of Agriculture to investigate grain discounts; impose a penalty for hindering, obstructing, or interfering with inspectors; require the Department of Agriculture to report its findings on investigations relating to grain discounts to the Legislative Research Commission and the Interim Joint Committee on Agriculture by November 1 of each year.

(Prefiled by the sponsor(s).)

BR320 - Senator Julian Carroll
(11/9/2018)

AN ACT relating to sports wagering and making an appropriation therefor.

Establish KRS Chapter 239 and create new sections to define “amateur athletics,” “collegiate sports contest,” “commission,”

“principal,” “professional sports contest,” “sports wager,” and “sports wagering”; create the Kentucky Gaming Commission; establish membership to be appointed by the Governor with the advice and consent of the Senate; establish the commission’s responsibilities and authority; require the Governor to appoint an executive director and establish the executive director’s responsibilities; require the commission to promulgate administrative regulations relating to sports wagering conducted by the Kentucky Lottery Corporation, racing associations licensed under KRS Chapter 230, and other locations; establish licensing fees; prohibit persons from wagering on an event in which they are a participant; establish the sports wagering distribution trust fund and the uses of the fund; establish penalties for tampering with the outcome of a sporting event and wagering on a sporting event by a participant; create a new section of KRS Chapter 138 to impose an excise tax on sports wagering at 25 percent of net sports wagering receipts; amend KRS 138.1817 to permit the Department of Revenue to work with the commission to restrict licensure in the event that sports wagering taxes are not paid; amend KRS 154A.010 to revise the definition of “amateur sports contest,” and to define “collegiate sports contest,” “professional sports contest,” “sports wager,” and “sports wagering”; amend KRS 154A.030 to conform and to prohibit the director or family member from being a part owner of a professional team or a board member of a college or university that engages in collegiate sports upon which sports wagers may be placed; amend KRS 154A.050 to include sports wagering; amend KRS 154A.060 to include sports wagering and to include contracts for the purchase of goods and services necessary for sports wagering; require monthly and annual reports to be submitted to the Kentucky Gaming Commission; amend KRS 154A.063 to permit sports wagering on collegiate and professional sports contests; amend KRS 154A.065 to prohibit accepting sports wagers on the outcomes of contests involving horses; amend KRS 154A.070 to include sports wagering and require contracts to be in accord with administrative regulations of the Lottery Corporation and the Kentucky Gaming Commission; amend KRS 154A.090 to stipulate that sports wagering retailers aggrieved by a decision of the board may appeal to the Kentucky Gaming Commission; amend KRS 154A.110 to include sports wagering; stipulate that unclaimed sports wagering prize money be added to the sports wagering distribution trust fund; to prohibit sports wagers from being accepted from members or coaches of professional or collegiate team; amend 154A.120 to include sports wagering; amend KRS 154A.130 to specify net sports wagering receipts collected by lottery to be used for expenses and moneys in excess of expenses shall be dedicated to the sports wagering distribution trust fund; amend

KRS 154A.400 to include sports wagering and stipulate the criteria for selecting sports wagering retailers shall be developed in consultation with the Kentucky Gaming Commission; amend KRS 154A.420 to include sports wagering and permit the Lottery Corporation to require a retailer to establish separate sports wagering electronic funds transfer accounts; amend KRS 154A.430, 154A.440, 154A.600, and 154A.650 to include sports wagering; amend KRS 230.225 to permit the Kentucky Horse Racing Commission to oversee sports wagering at licensed racing associations; amend KRS 230.370 to require administrative regulations relating to sports wagering to be developed in consultation with the Kentucky Gaming Commission; amend KRS 243.500 to exempt the conduct of sports wagering licensed or permitted under KRS Chapter 239; amend KRS 12.020 to administratively attach the Kentucky Gaming Commission to the Public Protection Cabinet.

(Prefiled by the sponsor(s).)

BR329 - Representative Chris Fugate,
Representative DJ Johnson
(10/24/2018)

AN ACT relating to kinship and fictive kin care and making an appropriation therefor.

Amend KRS 405.023 to establish that the KinCare Support Program shall include respite care for low-income fictive kin caregivers; amend KRS 605.120 to require the establishment and operation of the Kinship and Fictive Kin Care Program that will include monetary provisions for relative and fictive kin caregivers who have permanent custody of a child that shall be at a minimum \$300 monthly per child through the age of 18; amend KRS 610.010 to conform; appropriate \$17,500,000 in General Fund and \$17,500,000 in Federal Funds in fiscal year 2019-2020 to the Department for Community Based Services for the Kinship and Fictive Kin Care Program.

(Prefiled by the sponsor(s).)

BR333 - Senator John Schickel
(11/15/2018)

AN ACT relating to employment discrimination based on smoking.

Amend KRS 344.040 to remove protections against employment discrimination based on an individual’s status as a smoker or nonsmoker.

(Prefiled by the sponsor(s).)

BR335 - Representative Jason Nemes,
Representative Jerry Miller
(10/31/2018)

AN ACT relating to hate crimes.

Amend KRS 532.031, relating

to an offense committed as a result of a hate crime, to include criminal homicide and fetal homicide as well as the attempt to commit or soliciation of those crimes.

(Prefiled by the sponsor(s).)

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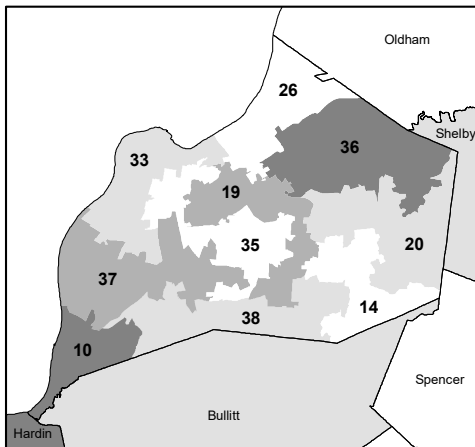
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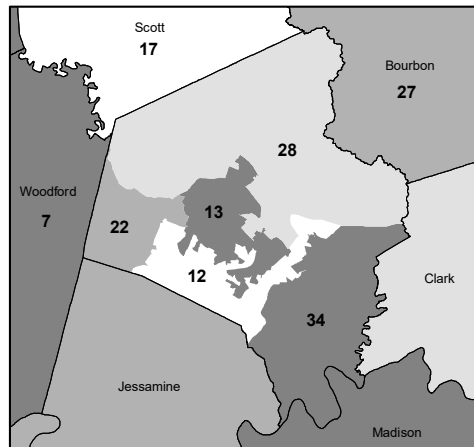
LRC Publications

Research Reports

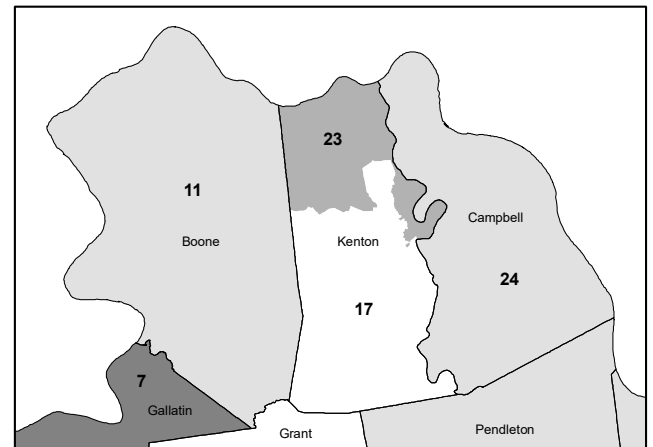
- 455_U** Office of Education Accountability Textbooks And Instructional Materials (2018)
- 454_U** Office of Education Accountability Homeschooling In Kentucky (2018)
- 453** Office of Education Accountability Kentucky District Data Profiles School Year 2017—Click here for an interactive feature
- 452** Program Review and Investigations Kentucky’s Foster Care System
- 451** Office of Education Accountability High School Indicators Of Postsecondary Success (2017)
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- 446** Program Review and Investigations Motor Fuel Taxes And Reformulated Gasoline In Kentucky 2016
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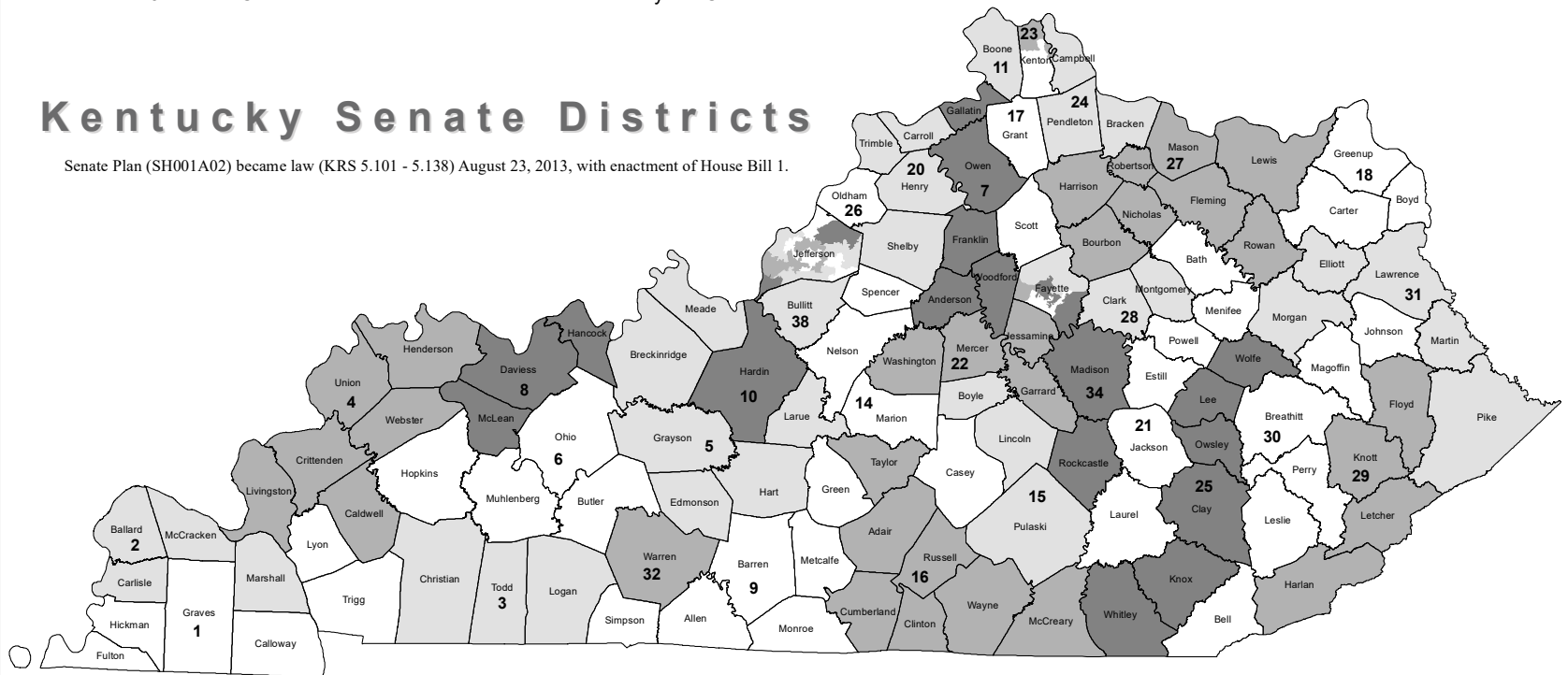
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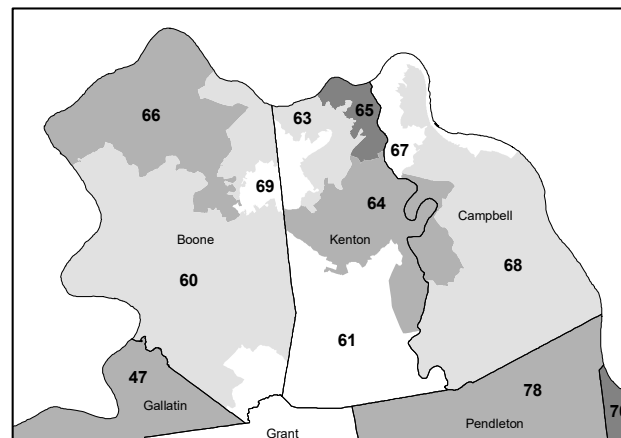
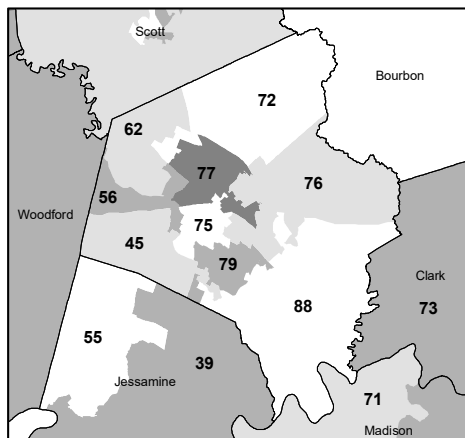
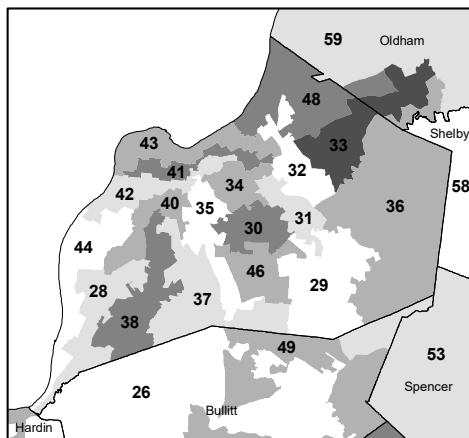
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Kentucky Senate Districts

Senate Plan (SH001A02) became law (KRS 5.101 - 5.138) August 23, 2013, with enactment of House Bill 1.

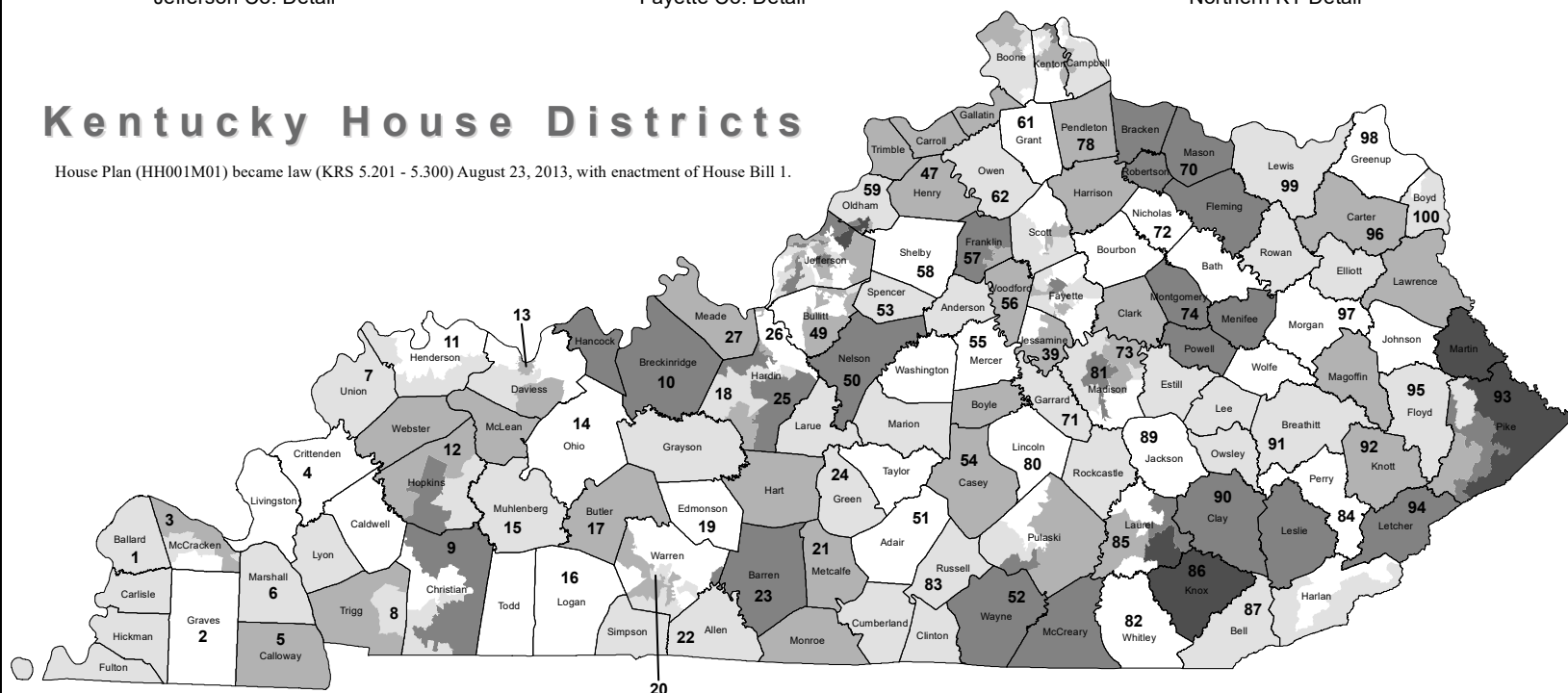


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Kentucky House Districts

House Plan (HH001M01) became law (KRS 5.201 - 5.300) August 23, 2013, with enactment of House Bill 1.



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LRC Publications

Informational Bulletins

- 254** General Assembly Action 2018 Regular Session
- 253** Final Reports of the Interim Joint, Special, and Statutory Committees
- 252** General Assembly Action 2017 Regular Session
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2018 Interim

LEGISLATIVE RECORD

Published monthly by the Legislative Research Commission, the Interim RECORD is designed to inform the citizens of Kentucky of the between-sessions work of the General Assembly.

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Printed with state funds

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