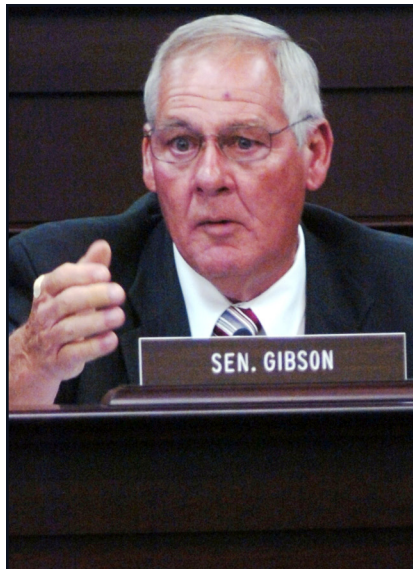


KACo, League of Cities questioned by panel

by Rebecca Mullins
LRC Public Information

FRANKFORT—Officials from the Kentucky League of Cities and Kentucky Association of Counties told state lawmakers on Aug. 26 about changes to their policies in the wake of news reports that raised questions about the use of funds by the two organizations.

Both organizations, which offer insurance and other services to their local government members, answered questions from members of the Interim Joint Committee on Local Government about reports in the Lexington Herald-Leader that outlined credit card use by staff, possible conflicts of interest with business partners and other concerns. The State Auditor's Office announced last summer that it was auditing both KLC and KACo to determine how taxpayer dollars—taken from local governments in the form of dues and payment for other services—have been spent.



Sen. Carroll Gibson, R-Leitchfield, questions Richmond Mayor and KLC President Connie Lawson during the August meeting of the Interim Joint Committee on Local Government.

Bud Kraft / LRC
Public Information

“We want to hear about how you got in this situation, how this lax fiscal control situation occurred, what you’re going to do to improve it, as well as what this General Assembly can do to work with you

to improve the situation on a going-forward basis, again, for the citizens of Kentucky that all of us as elected leaders serve,” said Local Government Committee Co-Chair Sen. Damon Thayer, R-Georgetown.

“What we want to keep on task is what kind of policy changes in your organization do you see necessary so this kind of fiscal disturbance doesn’t happen again,” said fellow Local Government Committee Co-Chair Rep. Steve Riggs, D-Jeffersonton.

KLC outgoing President and Richmond Mayor Connie Lawson said the KLC board approved new policies on Aug. 19 that address concerns with that organization. New policies include required disclosure of potential conflicts of interest, restricted use of KLC credit cards and implementing a new travel and meeting expense reimbursement policy. Mayor Lawson said new policies will require supervisor authorization for employee in-state and out-of-state travel.

Continued on page 2

Healthy habits would drop health care costs, lawmakers told

by Rob Weber
LRC Public Information

FRANKFORT—Three-fourths of the nation’s health care spending goes toward chronic diseases that could be significantly reduced if people adopted healthier habits, lawmakers were told during the Sept. 16 meeting of the General Assembly’s Health and Welfare Committee.

“We now know that the vast majority of cases of chronic disease could be prevented or better managed,” said Frederic S. Goldstein, president of U.S. Preventive Health, Inc. “The CDC (Centers for Disease Control and Prevention) estimated that 80 percent of heart disease, 80 percent of type 2 diabetes and 40 percent of cancer could be prevented if we only did three things: Stop smoking, start eating healthy and get in shape.”

The cost of treating chronic diseases has shot upward and become a major strain on public health programs, with 83 cents of every dollar in Medic-

aid going toward chronic care management and 96 percent of Medicare spending going to chronic diseases, Goldstein said.

“If we don’t effectively address this problem and put in programs to ameliorate the situations that cause this, we won’t be able to control our ever-burgeoning health care budgets,” Goldstein said.

Two-thirds of the increase in health care spending between 1987 and 2000 was due to the increased prevalence of chronic diseases, Goldstein said.

“In other words, costs are going up because we have more people with the conditions,” Goldstein said. “There was a study that just came out that said between 2001 and 2006, 50 percent of the health care cost increase was due to obesity alone. So if we don’t get a handle on this we’ll continue to see that ever-upward spiral in health care costs.”

Almost 70 percent of adults in Kentucky are

Continued on page 2

Bourbon is a shot to state economy

by Rob Weber
LRC Public Information

FRANKFORT—Spirits are soaring in Kentucky’s bourbon industry.

There are currently 4.6 million barrels of bourbon aging in Kentucky’s bourbon warehouses.

Production is up. More than \$1.6 billion worth of the amber liquid is gently aging oak barrels in Kentucky warehouses. And a growing number of tourists are visiting the state’s distilleries to view copper pot stills, dip their fingers in sour mash and experience the tradition-laden craft of bourbon making.

Kentucky is “the bourbon Capital of the

Continued on page 3

KACo and KLC, from page 1

Incoming KLC President and Jackson Mayor Mike Miller commented on recent actions that affect the organization's insurance sector known as KLCIS (Kentucky League of Cities Insurance Services). Those included, but were not limited to, a vote by the board to more clearly separate KLC's insurance business from other KLC operations as recommended by the Kentucky Department of Insurance.

"As board members, we acknowledge there is still work to be done," said Mayor Miller, adding that the organization is undergoing several audits of its operations. "We expect these reports will identify any unresolved weaknesses that may need to be addressed and reveal other processes and procedures that we can improve."

KACo President and Christian County Attorney Mike Foster said policy changes planned or in place by that organization include new rules for travel and entertainment expenses, better monitoring of internal operations, extensive management review,

cooperation with the State Auditor's review and elimination of staff credit cards.

"By continuing a commitment and recommitment to excellence in accountability, it is the belief of the executive committee and our board that we can take an organization that has done many valuable things over the years...and then transition the association to an even better organization that addresses both programming and an equal amount of attention to internal financial management," said Foster. He said he sees the current challenges as an opportunity for his organization.

Some lawmakers on the committee had specific questions about the membership of KACo's 34-member board and KLC's 53-member board.

Riggs stressed that city and county elected officials who are selected by their peers to run each organization need to be more involved in the decision making. Both organizations have directors that are involved in the organizations' operations, although KLC Executive Director Sylvia Lovely has announced her resignation from KLC effective Jan. 1, 2010. Bob Arnold resigned as KACo executive director in early September.

"I think the challenge is also for the organization to understand that

the board runs the organization, is in charge of the organization, makes the policy and procedures," Riggs told Foster during his testimony.

Rep. Ron Crimm, R-Louisville, also had some board-level concerns.

"I think that after you elect new board members, I don't care whether it takes a day or half a day or 15 minutes...before they sit, they need to be brought up to snuff about what's going on and what their responsibilities are so that they don't feel intimidated when they go to a meeting," said Crimm. "Intimidation sometimes keeps people from asking some very hard questions and I think that needs to be considered."

Use of the state retirement system by some organization executives also raised some questions. Sen. Thayer and Rep. Arnold Simpson, D-Covington, questioned KLC about the inclusion of at least some of its top executives in the state retirement system.

Thayer asked Mayor Lawson and Mayor Miller about reports concerning a forgiven loan that allowed KLC executives buy time in the retirement system. He asked whether such loan policy would be continued or discontinued.

Mayor Miller explained that the loan was made, but that "technically,

the loan was not forgiven. The salaries were reduced for a period of years to reflect repayment of the loan."

Simpson said he is "troubled by the fact that individuals with such high salaries are earning a pension." He said he is unsure if the state pension system was designed for individuals outside of "the ordinary scope of government", and if so, whether such a policy should apply to those with large salaries. He suggested that KLC consider 401(k) products for executive staff with high salaries over the state pension system. Mayor Lawson said she would take that into consideration.

Concerning transparency of organizational finances—another major concern of some state lawmakers—Rep. Charlie Hoffman, D-Georgetown, agreed with those lawmakers that more disclosure is necessary, particularly from insurance service boards. "I know the sensitivity of some of the information that you use, but I think it would be best to open that committee up and put a few people on there who could scrutinize from the outside," Hoffman said. "Unlike the private sector, your background and the people you're dealing with involves the coffers of local and state government moneys. So I think that's why it needs to be opened up."

Habits, page 1

overweight or obese and the number of children who are overweight has tripled since 1980, Goldstein said.

Senate President Pro Tempore Katie Stine, R-Southgate, said youth in Kentucky should have more opportunities for physical activity at school. "This info you've given us makes it so abundantly clear that we need to make sure, beginning with your youth, that they are getting physical activity," she said.

Rep. Jim Glenn, D-Owensboro, asked whether any states have implemented programs that have helped curb youth obesity. Goldstein replied that has heard of positive results from the ABC for Fitness Program, which provides students with short bursts of activity at various times throughout the school day. Use of the program helped students' grades go up, helped their weight go down, and also helped reduce the use of medications like Ritalin, he said.

Goldstein suggested that policymakers consider a range of prevention efforts, such as allowing health insurance premium differentials for partici-

pation in wellness programs, allowing rebates for companies that offer certain qualified wellness programs, implementing a comprehensive prevention program for state employees, as well as a similar program for Medicaid recipients.

It all goes back to nutrition, exercise and healthy lifestyle choices, Goldstein said. "If we change that we can bend this trend. But if we don't change this trend it's going to grow and grow as you struggle with your budgets. That pool of individuals within Medicaid who have chronic diseases will continue to grow and grow and it will just eat up every state in this country's budget."

Sen. Julie Denton, R-Louisville, said she appreciated Goldstein's focus on prevention issues. "You've been a nice segue for a lot of things we are trying to do here in Kentucky and things we are interested in," she said. "We really need to get out of this mindset of, 'If I spend this money what are my savings immediately?' We need to understand sometimes you need to spend money to save money, especially when it comes to our health care."

Lawmakers look at wind, other alternative energies

by Rebecca Mullins
LRC Public Information

FRANKFORT—State lawmakers heard plans to create power in Kentucky from wind and make fuel from plants instead of petroleum at a Sept. 18 meeting.

Scott Sykes with Genesis Development, an Elkhorn City-based wind energy company that plans to develop large scale wind energy projects atop reclaimed or abandoned coal mines in Eastern Kentucky, told lawmakers on the Special Subcommittee on Energy that there are now 25 gigawatts of power produced by wind energy in the U.S.

Wind power, he added, is the fastest growing energy source in the world.

"So, wind power is ready. The question is, is Kentucky ready? I believe that it is," Sykes said. Wind power can complement Kentucky's existing fossil-fuel industry by supplementing the work of that industry

rather than competing with it, he said.

"It's all about weaning ourselves off foreign oil and being able to diversify coal," he said. "We're not wanting to compete with coal, by any means—we want to be able to partner with them. Coal is very important to the economy of Eastern Kentucky, and do we appreciate that."

Dr. Bruce Pratt of Eastern Kentucky University explained plans for a pilot plant in Winchester and Clark County will produce around 2 million gallons of biodiesel a year from biomass like switch grass and corn stoker.

The pilot plant, which is a partnership between ECU and California-based General Atomics among others, will cost around \$20-25 million to build and will precede the partnership's planned construction of a 50 million gallon commercial plant.

The ECU/General Atomics bio-fuel project is in its first phase of plan-

Continued on page 65

Poverty Task Force holds first meeting

by Chuck Truesdell
LRC Public Information

FRANKFORT—Members of the Poverty Task Force held the first of their four meetings on Sept. 21 in an effort to develop comprehensive anti-poverty legislation for the 2010 Regular Session General Assembly.

“The Bible says the poor will always be with us, but we have to try to take care of them,” said House Speaker Greg Stumbo, D-Prestonsburg, who is co-chairing the task force alongside Sen. Brandon Smith, R-Hazard.

The initial meeting was staged as an information-gathering exercise, with a presentation by Drs. James P. Ziliak and Richard Fording from the University of Kentucky’s Center for Poverty Research. The two professors introduced some statistics on the commonwealth’s comparative poverty before suggesting possible policy solutions.

One in six Kentuckians lived below the federal poverty line as of 2008, Fording said, the fourth highest rate among all states. “Keep in mind this doesn’t include the bulk of the recession,” he noted, indicating that current rates are likely to be even higher.

Certain demographics fare even worse, Fording said, with minorities, female-headed families, rural families, those with less than a high school education, and children all having higher rates.

One in six
Kentuckians
lived below
the federal
poverty
line
as of 2008.

Ninety-five of the state’s 120 counties had child poverty rates of 20 percent or more as of 2007, and three counties had rates of more than 50 percent.

Sen. Robert Stivers, R-Manchester, noted that he represented two of those counties, and that the federal poverty threshold did not account for local differences in the cost of living. Ziliak acknowledged that there were some shortcomings in federal data, but that it proved useful in tracking trends.

Rep. Addia Wuchner, R-Burlington, pointed out that even in relatively well-to-do counties, there are pockets of poverty, and that effective programs are crucial in every county.

Among the programs tried by other states in reducing poverty are early education and home nurse visits, Ziliak said. “The seeds for dropping out (of high school) are planted earlier,” he remarked, and a high school education or more are crucial in the modern economy. Reaching children before they reach the age of 3 can have a tremendous impact on later achievement, he said.

Several lawmakers also said that additional opportunities for vocational education are essential to keep all students on a path toward personal prosperity. The UK researchers observed that workforce training helped boost the benefits of economic development subsidies to businesses as well.

Modernizing the tax code and establishing a state earned income tax credit could also result in more Kentuckians joining the work force, Ziliak said. Subsidies for child care and incentives for savings accounts could also help people lift themselves out of poverty, he said.

Expansion of broadband capability and other technology was a favorite of several legislators. “The Internet provides access to information that the folks in the urban areas can get every day,” said Rep. Richard Henderson, D-Jeffersonville. Rep. Leslie Combs, D-Pikeville, remarked that in many poverty-stricken areas of the state, large service providers choose not to expand their service because it’s not cost-effective, and Kentuckians suffer as a result.

Lawmakers throughout the meeting suggested options and programs that have worked or could provide promise. “It’s becoming clear to me that a multi-field approach is critical,” said Rep. Kelly Flood, D-Lexington.

The panel also has meetings scheduled for October 26, November 16, and December 1.

Bourbon, from page 1

world,” Kentucky Distillers’ Association President Eric Gregory told state lawmakers during the Sept. 17 meeting of the General Assembly’s Economic Development and Tourism Committee. “We produce 95 percent of the world’s bourbon. Production has increased by more than 75 percent since 1995.”

There are currently 4.6 million barrels of bourbon aging in Kentucky’s bourbon warehouses. “That’s the biggest total inventory since 1983,” said Gregory, who noted that the barrels would stretch from New York to Los Angeles if stacked end to end.

“A lot of people think bourbon has to be made in Kentucky,” Gregory said. “That’s not true. But we say if you want to sell it you better make it in Kentucky.”

Kentucky’s bourbon industry generates \$124 every year in state and local taxes and provides thousands of jobs to Kentuckians. “We have about 3,200 direct jobs with an annual payroll of \$244 million,” said Gregory, who added that the numbers go up to 9,848 jobs and an annual payroll of \$442 million if industries associated with bourbon— such as barrel-making, bottling trucking and others – are considered.

The popularity of bourbon is drawing an increasing number of visitors to Kentucky’s distilleries. There have been more than 1.5 million visits to distilleries on Kentucky’s Bourbon Trail during the past five years. The trail was established ten years ago to draw visitors interested in the craft of bourbon making to Kentucky.

“The New York Times described the Bourbon Trail as the whiskey version of California’s Napa Valley,” said Cheryl Hatcher, chief sales and marketing officer for the Kentucky Department of Travel.

Rep. Mike Denham, D-Maysville, asked about the requirements for adding membership to the eight distilleries that currently comprise the Bourbon Trail. Goldstein replied that the trail membership is currently limited to distilleries. “But our membership standard committee is looking at ways we can involve local (convention and visitors bureaus) and other entities to be friends of the Bourbon Trail or associate members of the Bourbon Trail. ‘Bourbon Trail’

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is a registered trademark of the Kentucky Distillers’ Association. But we realize that because of the popularity and tourism coming in that we need to include more entities, so that’s something we’re looking into.”

2010 Session Calendar

2010 REGULAR SESSION CALENDAR
(Approved by LRC: 9/2/09)

JANUARY

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
					1	2
3	4	5	6	7	8 *38.49 Posting required for prefiled House Bills (4)	9
10	11	12 (1)	13 (2)	14 (3)	15	16
	(5)	(6)	(7)	(8)	(9)	
17	18 Martin Luther King, R. Day HOLIDAY	19	20	21	22	23
		(16)	(11)	(12)	(13)	
24/31	25	26	27	28	29	30
	(14)	(15)	(16)	(17)	(18)	

*House Rule 49 states in part: "In the case of prefiled bills receiving a favorable opinion from the interim joint committee to which they were assigned, posting by the chair or the committee shall occur during the first week of the session, and those bills may be considered by the appropriate committee during the first three weeks of the session. No posting request shall be required for those prefiled bills."

FEBRUARY

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
	1	2	3	4	5	6
	(19)	(20)	(21)	(22)	(23)	
7	8	9	10	11	12	13
	(24)	(25)	(26)	(27)	(28)	
14	15 Presidents' Day HOLIDAY	16	17	18	19	20
		(29)	(30)	(31)	(32)	
21	22 Last Day for Bill Requests (33)	23 (34)	24 (35)	25 (36)	26 (37)	27
28						

() Denotes Legislative Day

MARCH

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
	1 Last Day for New House Bills (38)	2 (39)	3 Last Day for New Senate Bills (40)	4 (41)	5 (42)	6
7	8 (43)	9 (44)	10 (45)	11 (46)	12 (47)	13
14	15 (48)	16 (49)	17 (50)	18 (51)	19 (52)	20
21	22 (53)	23 (54)	24 (55)	25 (56)	26 Concurrence Only (57)	27
28	29 Concurrence Only (58)	30 VETO	31 VETO			

APRIL

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
				1 VETO	2 VETO	3 VETO
4	5 VETO	6 VETO	7 VETO	8 VETO	9 VETO	10
11	12 (59)	13 SINE DIE (60)	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

2009

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James R. Comer, Jr. PO Box 338 Tompkinsville 42167 Home 270-487-5585	Richard Henderson 60 Myers Cemetery Rd. Jeffersonville 40337 Home 859-497-9265	Darryl T. Owens 1018 S. 4th St. Louisville 40203 Home 502-584-6341	Jim Wayne 1280 Royal Ave. Louisville 40204 Work 502-451-8262
Tim Couch PO Box 710 Hyden 41749 Home/FAX 606-672-8998	Melvin B. Henley 1305 S. 16th Street Murray 42071 Home 270-753-3855	Ruth Ann Palumbo 10 Deepwood Dr. Lexington 40505 Home 859-299-2597	Robin L. Webb 404 West Main Street Grayson 41143 Home 606-474-5380
Will Coursey PO Box 467 Benton 42025-0467 Home 270-527-4610 Work 270-527-4610	Jimmy Higdon 507 West Main Lebanon 40033 Work 270-692-3881 Home 270-692-6945 FAX 270-692-1111	Don Pasley 5805 Ecton Road Winchester 40391 Home 859-842-3337	Alecia Webb-Edgington 1650 Chestnut Ct. Fort Wright 41011 Home 859-426-7322
Jesse Crenshaw 121 Constitution Lexington 40507 Work 859-259-1402 Home 859-252-6967 FAX 859-259-1441	Charlie Hoffman 406 Bourbon St. Georgetown 40324 Work 502-863-4807 Home 502-863-9796	Tanya Pullin 1026 Johnson Lane South Shore 41175 Work 606-932-2505	Ron Weston 423 Chieftain Drive Fairdale 40118 502-564-8100
Ron Crimm PO Box 43244 Louisville 40253 Work 502-400-3838 Home 502-245-8905	Jeffrey Hoover PO Box 985 Jamestown 42629 Work 270-343-5588 Home 270-343-2264	Marie Rader PO Box 323 McKee 40447 Work 606-287-3300 Home 606-287-7303 FAX 606-287-3300	Susan Westrom PO Box 22778 Lexington 40522-2778 Work 859-266-7581
Robert R. Damron 231 Fairway West Nicholasville 40356 Home 859-887-1744	Dennis Horlander 1806 Farnsley Rd. Shively 40216 Work 502-447-2498 Home 502-447-4715	Rick Rand PO Box 273 Bedford 40006 Work 502-255-3286 Home 502-255-3392 FAX 502-255-9911	Addia Wuchner PO Box 911 Burlington 41005 Work 859-525-6698
Jim DeCesare PO Box 122 Rockfield 42274 Home 270-792-5779 Home FAX 888-275-1182 Work 270-792-5779	Brent Housman 2307 Jefferson Street Paducah 42001 Home 270-366-6611 Home/FAX 270-442-6394	Steve Riggs PO Box 24586 Louisville 40224 LRC 502-564-8100 FAX 502-564-6543	Brent Yonts 232 Norman Circle Greenville 42345 Work 270-338-0816 Home 270-338-6790 FAX 270-338-1639
Mike Denham 306 Old Hill City Road Maysville 41056 Home 606-759-5167	Joni L. Jenkins 2010 O'Brien Ct. Shively 40216 Home 502-447-4324	Tom Riner 1143 E. Broadway Louisville 40204 Home 502-584-3639	
Bob M. DeWeese 6206 Glen Hill Rd. Louisville 40222 Home 502-426-5565	Dennis Keene 1040 Johns Hill Road Wilder 41076 Home 859-441-5894	Carl Rollins II PO Box 424 Midway 40347 Home 859-846-4407 Work 502-696-7474	
	Thomas Kerr 5415 Old Taylor Mill Rd. Taylor Mill 41015 Work 859-431-2222 Home 859-356-1344 FAX 859-431-3463	Sal Santoro 596 Walterlot Ct. Florence 41042 Home 859-371-8840 FAX 859-371-4060	
	Martha Jane King 633 Little Cliff Estate Lewisburg 42256 Home 270-657-2707 FAX 270-657-2755	Steven Rudy 3430 Blueridge Dr. W. Paducah 42086 Home 270-744-8137	
		Charles Siler 3570 Tackett Creek Rd. Williamsburg 40769 Work 606-549-0900	

Committee Meetings

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LEGISLATIVE RESEARCH COMMISSION

Minutes of the 528th Meeting June 3, 2009

The 528th meeting of the Legislative Research Commission was held on Wednesday, June 3, 2009, at 1:30 PM, in Room 125 of the Capitol Annex. Representative Greg Stumbo, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator David L. Williams, Co-Chair; Representative Greg Stumbo, Co-Chair; Senators Carroll Gibson, Dan Kelly, Jerry P. Rhoads, Dan "Malano" Seum, Katie Kratz Stine, Johnny Ray Turner, and Ed Worley; Representatives Rocky Adkins, Larry Clark, Robert R. Damron, Bob M. DeWeese, David Floyd and John Will Stacy.

Guests: Mary Lassiter.

LRC Staff: Bobby Sherman and Christy Glass.

Representative Stumbo called the meeting to order and the secretary called the roll. There being a quorum present, Representative Stumbo called for a motion to approve the minutes of September 24, 2008; accept items A. through L. under Staff and Committee Reports; refer prefiled bills and administrative regulations as indicated and approve items C. through V. under New Business; accept and refer as indicated items 1. through 88. under Communications; and approve Resolutions A. through H. A motion was made by Representative Clark and seconded by Representative Damron. A roll call vote was taken and the motion passed unanimously. The following items were approved, accepted or referred:

STAFF AND COMMITTEE REPORTS

Information requests for September 2, 2008 through June 3, 2009.

Committee Activity Report. Reports of the Administrative Regulation Review Subcommittee meetings of September 9, October 14, November 12, and December 9, 2008 and January 13, February 9, March 9, April 14, and May 12, 2009.

Committee review of administrative regulations by the Interim Joint Committee on Health and Wel-

fare during its meeting of October 15, 2008.

Committee review of administrative regulations by the House Standing Committee on Health and Welfare during its meeting of February 12, 2009.

Committee review of administrative regulations by the Senate Standing Committee on Health and Welfare during its meeting of February 18, 2009.

Committee review of administrative regulations by the House Standing Committee on Health and Welfare during its meeting of March 10, 2009.

Committee review of administrative regulations by the Senate Standing Committee on Health and Welfare during its meeting of March 11, 2009.

Committee review of administrative regulations by the Interim Joint Committee on Seniors, Veterans, Military Affairs, and Public Protection during its meeting of December 4, 2008.

Report of the 2008 SJR 80 Subcommittee to Study the Penal Code and Controlled Substances Act of the Interim Joint Committee on Judiciary.

Committee review of administrative regulations by the Education Assessment and Accountability Review Subcommittee during its meeting of December 9, 2008.

Committee review of the FY 2009 Small Cities Community Block Grant Application by the Senate Standing Committee on State and Local Government and the House Standing Committee on Local Government during its joint meeting of March 11, 2009.

NEW BUSINESS

Referral of prefiled bill to the following committee: BR 1 (proposing an amendment to Section 145 of the constitution of Kentucky relating to persons entitled to vote) to State Government.

Referral of the administrative regulations to the following committees for secondary review pursuant to KRS 13A.290(6): 907 KAR 1:585 (Estate recovery); 907 KAR 1:645 (Resource standards for Medicaid); 907 KAR 1:650 (Trust and transferred resource requirements for

Medicaid); 907 KAR 1:655 (Spousal impoverishment and nursing facility requirements for Medicaid); and 907 KAR 3:170 (Telehealth services and reimbursement) to Appropriations and Revenue; 806 KAR 17:480 (Uniform evaluation and reevaluation of providers) to Banking and Insurance; 16 KAR 5:010 (Standards for accreditation of educator preparation units and approval of programs); and 702 KAR 3:090 (Depository bond, penal sum) to Education; 201 KAR 20:225 (Reinstatement of license); 201 KAR 20:270 (Programs of nursing site visits); and 201 KAR 20:290 (Standards for prelicensure registered nurse and practical nurse secondary or distance learning sites) to Health and Welfare; 505 KAR 1:100 & E (Department of Juvenile Justice Policies and Procedures: admissions) to Judiciary; 201 KAR 10:050 (Fees); and 811 KAR 2:120 & E (Kentucky Horse Breeders' Incentive fund) to Licensing and Occupations; 815 KAR 25:060 (Licensing of manufactured and home retailers) to Local Government; 301 KAR 2:111 (Deer and turkey hunting on special areas; 301 KAR 2:172 (Deer hunting seasons, zones, and requirements); 301 KAR 2:178 (Deer hunting on wildlife management areas and state parks); 401 KAR 8:040 (Laboratory certification); 401 KAR 8:050 (Drinking water program fees); 401 KAR 10:026 (Designation of uses of surface waters); 401 KAR 10:029 (General provisions); 401 KAR 10:031 (Surface water standards); 401 KAR 101:001 (Definitions for 401 KAR Chapter 101); 401 KAR 101:010 (Contractor certification); 401 KAR 101:020 (Financial requirements); 401 KAR 101:030 (Tiered response system); and 401 KAR 101:040 (Cleanup and sampling requirements) to Natural Resources and Environment; 200 KAR 5:380 (Protests); and 200 KAR 14:011 & E (Qualified investments) to State Government.

From Senate President David L. Williams and House Speaker Jody Richards: Memorandum authorizing and making appointments to the Land Stewardship and Conversation Task Force.

From Senate President David L. Williams and House Speaker Gregory D. Stumbo: Memorandum approv-

ing the NCSL 2010 Annual Meeting Committee Structure.

From Senate President David L. Williams and House Speaker Gregory D. Stumbo: Memorandum recommending the appointment of Speaker Stumbo to the NCSL Executive Committee.

From Senate President David L. Williams and House Speaker Gregory D. Stumbo: Memorandum confirming that Senator Mike Reynolds will not be serving as a member of the Interim Joint Committee on Licensing and Occupations.

From Bobby Sherman: Memorandum recommending amendment of the interim joint committee structure and regular monthly meeting schedule to include an Interim Joint Committee on Agriculture and an Interim Joint Committee on Natural Resources and Environment.

From Bobby Sherman: Memorandum recommending a name change for the Interim Joint Committee on Seniors, Veterans, Military Affairs, and Public Protection to the Interim Joint Committee on Veterans, Military Affairs, and Public Protection.

From Senate President David L. Williams and House Speaker Gregory D. Stumbo: Memorandum appointing Representative Will Coursey to the Interim Joint Committee on Transportation.

From Senate President David L. Williams and House Speaker Gregory D. Stumbo: Memorandum recommending alignment of the budget review subcommittees to include a Budget Review Subcommittee on Primary and Secondary Education and a Budget Review Subcommittee on Postsecondary Education.

From Senator Robert Stivers and Representative John Tilley, Co-Chairs, Interim Joint Committee on Judiciary: Memorandum requesting a change in the regular monthly meeting day of the committee and requesting authorization of and approval of membership for the Subcommittee on the Penal Code and Controlled Substances Act.

From Senate President David L. Williams and House Speaker Gregory D. Stumbo: Memorandum authorizing and appointment membership for the Subcommittee on Kentucky Waterways of the Interim Joint Committee on Transportation.

From Senator Charlie Borders and Representative Rick Rand, Co-Chairs, Interim Joint Committee on Appropriations and Revenue: Memorandum requesting approval to meet

on June 4, rather than the regular meeting date of June 25. There are no apparent conflicts.

From Senate President David L. Williams and House Speaker Gregory D. Stumbo: Memorandum appointing Elizabeth Lloyd Jones to the Land Stewardship and Conservation Task Force (filling a vacancy).

From Senator Julie Denton and Representative Tom Burch, Co-Chairs, Interim Joint Committee on Health and Welfare: Memorandum requesting authorization of and appointments to the Subcommittee on Families and Children and the Subcommittee on Health Issues and Aging.

From Senator Ken Winters and Representative Carl Rollins, II, Co-Chairs, Interim Joint Committee on Education: Memorandum requesting authorization of and appointments to the Subcommittee on Postsecondary Education and the Subcommittee on Elementary and Secondary Education.

From Senator Julie Denton and Representative Tom Burch, Co-Chairs, Interim Joint Committee on Health and Welfare: Memorandum requesting approval to meet on August 12, rather than the regular meeting date of August 19. There are no apparent conflicts.

From Senator Elizabeth Tori and Representative Tanya Pullin, Co-Chairs, Interim Joint Committee on Veterans, Military Affairs, and Public Protection: Memorandum requesting approval to change the committee's regular monthly meeting day from the first Thursday of the month to the afternoon of the second Thursday of the month. There are no apparent conflicts.

From Senator Charlie Borders and Representative Rick Rand, Co-Chairs, Interim Joint Committee on Appropriations and Revenue: Memorandum requesting authorization of and appointments to the Subcommittee on 2010-2012 Budget Preparation and Submission of the Legislative Research Commission; and requesting authorization for meetings during

June and July upon joint call of the subcommittee co-chairs.

From Senator Alice Forgy Kerr and Representative Rick Nelson, Co-Chairs, Interim Joint Committee on Labor Industry: Memorandum requesting approval to meet on September 15, rather than the regular meeting date of September 17. There is potential conflict with one member.

From Senator Alice Forgy Kerr and Representative Eddie Ballard, Co-Chairs, Interim Joint Committee on Economic Development and Tourism: Memorandum requesting approval to hold a two-day meeting on July 30 and 31, rather than the regular meeting date of July 16. There are no apparent conflicts.

From Representative Reginald Meeks: Memorandum requesting LRC recognition of the Kentucky Black Caucus of State Legislators, consisting of all African American members of the General Assembly.

COMMUNICATIONS

From Senator John Schickel and Representative Reginald Meeks, Co-Chairs, Program Review and Investigations Committee: Memorandum advising of the opportunity to appoint of ex officio members.

From the Office of the Attorney General: Constitutional Challenge Reports for August, September, October, November, and December 2008 and January, February, and March 2009.

From the Auditor of Public Accounts: Report of the Audit of the Boone County Fiscal Court for FY 2006.

From the University of Kentucky: University of Kentucky Capital Construction Report for FY 2008.

From the Auditor of Public Accounts: Briefing Report: An Overview of Charitable Gaming in Kentucky.

From the Cabinet for Economic Development: The Agricultural Warehousing Sites Cleanup Fund Annual Report for FY 2008.

From the Teachers' Retirement System of Kentucky: In-state Investment Report for FY 2008 and Interim Financial Statements for the Quarter ended June 30, 2008.

From the Teachers' Retirement System of Kentucky: FY 2008 Annual Report.

From the Personnel Cabinet: 2008 Annual Report from the Kentucky Group Health Insurance Board.

From the Cabinet for Economic Development, Department of Financial Incentives: Loan data sheets for each loan approved as of the quarters ending September 30 and December 31, 2008 and March 31, 2009.

From the Kentucky Council on Developmental Disabilities: 2008 Annual Update.

From the Kentucky Housing Corporation: Methamphetamine Housing Clean-Up Assistance Program Activity Update – October 1, 2008.

From the Cabinet for Health and Family Services: The Commission on Services and Supports for Individuals with Mental Retardation and Other Developmental Disabilities Seventh Annual Status Report.

From the Department of Education: 2008 Annual Audit of School Districts.

From the Cabinet for Health and Family Services: Healthcare in Kentucky Report, FY 2008.

From the Kentucky Board of Medical Licensure: Annual Report for FY 2008.

From the University of Kentucky, Kentucky Tobacco Research & Development Center: Quarterly Report for the period of July 1-September 30, 2008.

From the Finance and Administration Cabinet, Kentucky Higher Education Assistance Authority: FY 2008 Actuarial Valuation of the Prepaid Tuition Trust Fund for Kentucky's Affordable Prepaid Tuition.

From the Finance and Administration Cabinet: Monthly Investment Income Reports for the months of September, October, November, and December 2008, and January, February, March, and April 2009.

From the Cabinet for Economic Development: Linked Deposit Loan Investment Program Annual Report for FY 2008.

From the Finance and Administration Cabinet, Kentucky Higher Education Assistance Authority: Financial Statements for FY 2008.

From the Office of the Governor, Kentucky Office of Homeland Security: 2008 Annual Report.

From the Cabinet for Economic Development: FY 2008 Bluegrass State Skills Corporation Annual Report.

From the Kentucky Employers' Mutual Insurance: 2009 Administrative Budget, Financial Status, and Actuarial Condition.

From Eastern Kentucky University: Financial Statements for FY 2007 and 2008, and Independent Auditors' Report

From the Finance and Administration Cabinet, Office of the Controller: Surtax Receipts Statements for the Law Enforcement and Professional Firefighters Foundation Fund Programs for FY 2008, and year-to-date activity through April 30, 2009.

From Kentucky Employers' Mutual Insurance: Quarterly Statement and Financial Status for the period ending September 30, 2008.

From the Cabinet for Health and

Family Services: Breast Cancer Trust Fund Annual Report for FY 2007

From the Transportation Cabinet: Evaluation of Kentucky's General Aviation Aircraft Performance Audit.

From the University of Kentucky: 2008 Financial Statements.

From the Public Protection Cabinet, Department of Alcoholic Beverage Control: 2008 Annual Report.

From the Kentucky Retirement Systems: Financial Statements for FY 2007 and 2008.

From the Cabinet for Health and Family Services, Office of the Secretary: 2008 Charitable Health Provider Report.

From the Kentucky Legislative Ethics Commission: FY 2008 Annual Report.

From the Energy and Environment Cabinet: Intelligent Choices for Kentucky's Energy Future.

From the Office of the State Budget Director: Report detailing revised revenue estimates for the General Fund, Road Fund, and Phase I, Master Settlement Agreement for FY 09.

From the Labor Cabinet, Division of Workers' Compensation Funds: Report for Kentucky Coal Workers' Pneumoconiosis Fund, Quarters Ending September 30, 2008, and March 31, 2009.

From the Cabinet for Health and Family Services, Department for Public Health: Statewide Hepatitis C Education, Awareness, and Information Program, December 2008 Status Report.

From the Cabinet for Health and Family Services, Office of the Secretary: Report Regarding the Replacement of Glasgow State Nursing Facility.

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

From the Public Protection Cabinet, Office of the Secretary: Letter from Department of Charitable Gaming addressing the Auditor's recommendations contained in Briefing Report: An Overview of Charitable Gaming in Kentucky.

From the Public Protection Cabinet, Department of Insurance: Report of Kentucky Access, January 2009.

From the Energy and Environment Cabinet, Department for Environmental Protection, Division of Waste Management: E-Scrap in Kentucky, A Report with Recommendations for an Electronic Waste and Recycling System.

From the Transportation Cabinet: Letter from Secretary Joseph W. Prather pertaining to selection of new school building sites.

From the Tourism, Arts, and Heritage Cabinet: A Report to the Kentucky Recreational Trails Authority. All Terrain Vehicle/Off Highway Vehicle Trespass: Reducing the Problem and Property Damage.

From the Public Protection Cabinet, Department of Insurance: 2008 Annual Report of the Kentucky Health Care Improvement Authority.

From Northern Kentucky University: FY 2008 Financial Report.

From the Kentucky Labor Cabinet, Department of Workers' Claims: Commissioner's Report on AMA Guidelines.

From the Cabinet for Health and Family Services, Office of the Secretary: Elder Abuse in Kentucky, 2008 Annual Report.

From the Kentucky Judicial Form Retirement System: Actuarial Valuation Report as of July 1, 2008, for the Kentucky Judicial Retirement Plan and Actuarial Valuation Report as of July 1, 2008, for the Kentucky Legislators Retirement Plan.

From the Kentucky Judicial Form Retirement System: Audit of the Kentucky Judicial Form Retirement System as of June 30, 2008.

From the Department of Education: Report on types of physical activity being provided students in grades K-5.

From the Cabinet for Health and Family Services, Department for Aging and Independent Living: Traumatic Brain Injury Trust Fund Program Annual Report for FY 2008.

From the Energy and Environment Cabinet, Department for Environmental Protection, Division of Water: Kentucky Drought Mitigation and Response Plan.

From the Cabinet for Health and Family Services: 2008 Annual Report on licensed blood establishments in Kentucky.

From the Auditor of Public Accounts: Performance Audit of the Kentucky Department of Education's Oversight of State Assessment Contracts.

From Murray State University: Accountants' Report and Financial Statements for the period FY 2008.

From the Personnel Cabinet: Statewide Turnover Report for the 4th Quarter, 2008.

From the Public Service Commission: Issuance of Net Metering/Interconnection Guidelines.

From the Collaborative Center for Literacy Development: 2008 Annual Report.

From the Department of Agriculture, Division of Food Distribution: Kentucky Senior Farmers' Market Nutrition Program 2008 Annual Report.

From the Auditor of Public Accounts: Hardin County 2007 Sheriff Tax Settlement Audit.

From the Auditor of Public Accounts: Breckinridge County Clerk 2007 Audit.

From the Auditor of Public Accounts: Trigg County Clerk 2007 Audit.

From the Auditor of Public Accounts: Knott County Sheriff 2007 Fee Audit.

From the Auditor of Public Accounts: Trigg County Sheriff 2007 Fee Audit.

From the Auditor of Public Accounts: Breckinridge County Sheriff 2007 Fee Audit.

From the Auditor of Public Accounts: Breckinridge County 2007 Sheriff Tax Settlement Audit.

From the Auditor of Public Accounts: Knott County Sheriff 2007 Tax Settlement and Unmined Coal Taxes Audit.

From the Labor Cabinet, Division of Workers' Compensation Funds: Report for Kentucky Coal Workers' Pneumoconiosis Fund, Quarter Ending December 31, 2008 (FY 2009 2nd Quarter).

From the Cabinet for Health and Family Services, Department for Community Based Services: Report of statewide random case reviews and exit interviews for social workers for the period July 1 through December 31, 2008.

From the University of Kentucky, Kentucky Tobacco Research & Development Center: Annual Report for FY 2008.

From the Office of the State Budget Director, Governor's Office for Economic Analysis: Quarterly Economic and Revenue Report, Second Quarter, FY 2009.

From the Council on Postsecondary Education: Letter regarding information on postsecondary education students participating in the tuition and mandatory fee waiver program for foster or adopted children.

From the Kentucky State Nature Preserves Commission: January 2009 Biennial Report.

From Kentucky Employers' Mutual Insurance: Annual Statement and Letter of Actuarial Opinion for

2008.

From the Cabinet for Health and Family Services, Spinal Cord and Head Injury Research Board: 2008 Annual Report.

From the Cabinet for Economic Development: 2008 Tax Increment Financing Annual Report.

From the Kentucky Pollution Prevention Center: 2007-2008 Annual Report.

From the Cabinet for Health and Family Services: SWIFT Adoption Teams Report for the second and third quarters of 2008.

From the Auditor of Public Accounts: Examination of Certain Financial Transactions, Policies, and Procedures of the Lexington Blue Grass Airport.

From the Personnel Cabinet: Statewide Turnover Report for the 1st Quarter Report 2009.

From the Council on Postsecondary Education: 2007-2008 Accountability Report.

From the Personnel Cabinet: Statewide Turnover Report for calendar year 2008.

From the Auditor of Public Accounts: Performance Audit of the Nursing Services Contracts for Kentucky's Mental Health/Mental Retardation Hospitals and Facilities.

From the Kentucky Council on Postsecondary Education: Comprehensive Process for the Revision of K-12 to College Entry-Level Course Content Standards.

Department of Revenue, Office of Property Valuation: 2009 Real Estate Exemption List.

From the Kentucky Employers' Mutual Insurance: Quarterly Statement and Financial Status for the period ending March 31, 2009.

RESOLUTIONS

A RESOLUTION adjourning the Legislative Research Commission in honor and loving memory of Dr. John C. Gunn;

A RESOLUTION adjourning the Legislative Research Commission in honor and loving memory of Woodrow Leonard Stamper;

A RESOLUTION adjourning the Legislative Research Commission in honor and loving memory of Robert Fredrick Holscher;

A RESOLUTION adjourning the Legislative Research Commission in honor and loving memory of Glenn L. Harney;

A RESOLUTION adjourning the Legislative Research Commission in honor and loving memory of Albert "Bert" Wall;

A RESOLUTION adjourning the Legislative Research Commission in honor and loving memory of Karen Ann Riedinger;

A RESOLUTION adjourning the Legislative Research Commission in honor of Mary Dott Sidwell Gritton; and,

A RESOLUTION adjourning the Legislative Research Commission in honor and loving memory of R. K. Keith.

OTHER BUSINESS

Update on current and prospective American Recovery and Reinvestment Act (ARRA) fund receipts and expenditures.

Ms. Mary Lassiter, State Budget Director, gave an overview of the background and history of the ARRA. Ms. Lassiter stressed that eighty percent (80%) of the 3 Billion Dollars was in the form of programs and not projects. She broke down the categories of spending as shown on the handout she distributed.

Ms. Lassiter conveyed that, under the state fiscal stabilization category, there is \$651,000,000 available over two years, of which eighty-two percent (82%) will be used for Education and 12% for other expenditures. Under the ARRA, Medicaid will receive seventy-nine percent (79%) of its funding from federal aid for twenty-seven (27) months, instead of the usual seventy percent (70%) and thirty percent (30%) from the state.

There will be \$400,000,000 put into federal programs already in existence, such as Title I, with poorer districts receiving more money.

Ms. Lassiter discussed monies already spent to date, and indicated that there is significant accounting and reporting. October 10, 2009, is the statutory date to report spending to the U.S. Government. This information will be available on the state website. She said that this money is special, one-time dollars and should be treated as such.

Ms. Lassiter then discussed the Safety Net Programs and advised that food stamps would receive a 13.6% increase. There would also be an increase in Unemployment Insurance and the Workforce Investment Act.

Representative Adkins asked Ms. Lassiter how the Unemployment Insurance fund was doing. Ms. Lassiter replied that it is in the red by \$220,000,000 and that they have been borrowing from the federal government. She stated that Transportation and Education are areas that are available for additional federal

funds.

President Williams directed Ms. Lassiter to page six of her handout and asked if the match for Medicaid was retroactive to October 8, and will we have received all of that money. Ms. Lassiter replied yes, and that when the books are closed on this FY, there will be additional expenditures in the Medicaid fund. President Williams asked what her best guess was for a dollar figure, and she stated that it hasn't been nailed down yet, but an estimate would be around \$40-60 million dollars available to the General Fund. President Williams indicated that that amount is more than we had anticipated, and asked Ms. Lassiter if we will be able to balance the budget, to which she replied, "in this fiscal year, yes."

Senator Seum then asked how close the estimates were on her handout. She said they really won't know until the federal government gives the awards, but that they should be very close. Senator Seum asked if the entities receiving this money had to apply for it or if they automatically received it, and Ms. Lassiter advised that it depends. She said that most require application, but some don't.

Speaker Stumbo asked if the additional money available to the Road Fund was it project specific. Ms. Lassiter said that yes, it is project specific, and that the projects would have to apply to the federal government for this funding.

There being no further business, the meeting was adjourned at 2:40 p.m.

LEGISLATIVE RESEARCH COMMISSION

Minutes of the 529th Meeting September 2, 2009

The 529th meeting of the Legislative Research Commission was held on Wednesday, September 2, 2009, at 1:30 PM, in Room 125 of the Capitol Annex. Senator David L. Williams, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator David L. Williams, Co-Chair; Representative Greg Stumbo, Co-Chair; Senators Carroll Gibson, Dan Kelly, Dan "Malano" Seum, Katie Kratz Stine, Johnny Ray Turner, and Ed Worley; Representatives Rocky Adkins, Larry Clark, Robert R. Damron, Bob M. DeWeese, David Floyd, Jeff Hoover, and John Will Stacy.

Guests: John Hicks

LRC Staff: Bobby Sherman and Christy Glass.

Senator Williams called the meeting to order and the secretary called the roll. There being a quorum present, Senator Williams called for a motion to approve the minutes of June 3, 2009; accept Items A. through Q. under Staff and Committee Reports; refer prefiled bills and administrative regulations as indicated and approve items C. through AA. under New Business; accept and refer as indicated items I. through 25. under Communications; and approve Resolutions A. through D. A motion was made by Representative Clark and seconded by Representative Seum. A roll call vote was taken and the motion passed unanimously. The following items were approved, accepted or referred:

STAFF AND COMMITTEE REPORTS

Information requests for June through August 2009.

Committee Activity Report for June through August 2009.

Reports of the Administrative Regulation Review Subcommittee meetings of June 9, July 14, and August 11, 2009.

Committee review of administrative regulations by the Interim Joint Committee on Education during its meetings of June 8 and July 13, 2009.

Committee review of administrative regulations by the Interim Joint Committee on Health and Welfare during its meetings of June 11 and August 12, 2009.

Committee review of administrative regulations by the Interim Joint Committee on State Government during its meeting of July 29, 2009

Committee review of Executive Reorganization Order 2009-363 by the Interim Joint Committee on Health and Welfare during its meeting of June 11, 2009.

Committee review of Executive Reorganization Order 2009-513 by the Interim Joint Committee on Health and Welfare during its meeting of June 11, 2009.

Committee review of Executive Reorganization Order 2009-536 by the Interim Joint Committee on Education during its meeting of July 13, 2009.

Committee review of Executive Reorganization Order 2009-539 by the Interim Joint Committee on Education during its meeting of July 13, 2009.

Committee review of Executive Reorganization Order 2009-540 by the Interim Joint Committee on Local Government during its meeting of July 29, 2009.

Committee review of Executive Reorganization Order 2009-543 by the Interim Joint Committee on Local Government during its meeting of July 29, 2009.

Committee review of FY 2009-2010 Child Care Development Fund Block Grant Application by the Interim Joint Committee on Health and Welfare during its meeting of June 11, 2009.

Committee review of SFY 2010 Social Services Block Grant Application by the Interim Joint Committee on Health and Welfare during its meeting of June 11, 2009.

Committee review of FY 2010 Low Income Home Energy Assistance Program (LIHEAP) Block Grant Application by the Interim Joint Committee on Special Subcommittee on Energy during its meeting of June 19, 2009.

Committee review of Executive Reorganization Order 2009-661 by the Interim Joint Committee on Health and Welfare during its meeting of August 12, 2009.

Committee review of FY 2010-11 Community Services Block Grant Application by the Interim Joint Committee on Health and Welfare during its meeting of August 12, 2009.

NEW BUSINESS

Referral of prefiled bills to the following committees: BR 2 (relating to taxation and declaring an emergency), BR 66 (relating to the gross revenues and excise tax fund and declaring an emergency), BR 73 (relating to investment of the Local Government Economic Assistance Fund balances) to Appropriations and Revenue; BR 23 (relating to insurance licensing), BR 24 (relating to insurance loss run statements), and BR 121 (relating to health insurance) to Banking and Insurance; BR 60 (relating to Kentucky State Parks) to Economic Development and Tourism; BR 75 (relating to the Education Professional Standards Board), BR 82 (relating to school attendance), BR 115 (relating to charter schools), BR 123 (relating to the Kentucky educator award and recognition fund and making an appropriation therefor), and BR 132 (a concurrent Resolution directing the Legislative Research Commission to create a task force to establish a strategy to provide home laptop computers for middle school

students) to Education; BR 10 (relating to childhood hearing loss) and BR 11 (relating to smoking cessation) to Health and Welfare; BR 38 (relating to shock probation), BR 49 (relating to criminal record expungement), BR 65 (relating to domestic relations and declaring an emergency), BR 98 (relating to mental illness), BR 133 (relating to dating violence), and BR 145 (relating to dating violence) to Judiciary; BR 12 (relating to the Kentucky Board of Examiners of Psychology) to Licensing and Occupations; BR 16 (relating to fire protection subdistricts) to Local Government; BR 50 (a concurrent Resolution affirming the principles of the Ninth and Tenth Amendments to the United States Constitution and declaring that the United States Constitution will be nullified if the federal government assumes further powers that it does not possess), BR 54 (a concurrent Resolution claiming sovereignty over powers not granted to the federal government by the United States Constitution; serving notice to the federal government to cease mandates beyond its authority; and stating Kentucky's position that federal legislation that requires states to comply under threat of loss of federal funding should be prohibited or repealed), BR 87 (relating to open records), BR 93 (proposing to repeal Section 233A of the Constitution of Kentucky relating to marriage), and BR 124 (a concurrent resolution urging support for the Second Amendment of the United States Constitution and urging Congress not to enact any law that would infringe on the right to bear arms under the Constitution of Kentucky) to State Government; BR 47 (relating to highway signs), BR 57 (joint Resolution designating Kentucky Route 8 in the city limits of Dayton, Kentucky in honor and memory of Staff Sergeant Nicholas R. Carnes), BR 58 (a joint Resolution designating Kentucky Route 8 in the city limits of Bellevue, Kentucky in honor and memory of Sergeant Justin A. Scott, BR 118 (relating to personal communication devices), BR 135 (relating to water transportation and making an appropriation therefor) and BR 168 (relating to public safety) to Transportation.

Referral of the administrative regulations to the following committees for secondary review pursuant to KRS 13A.290(6): 103 KAR 3:020 (Sales and telecommunications forms manual), 103 KAR 3:050 (Miscellaneous taxes forms manual), and 105

KAR 1:390 & E (Employment after retirement) to Appropriations and Revenue; 806 KAR 6:100 (Actuarial opinion and memorandum) to Banking and Insurance; 300 KAR 7:010 (Golf carts, all-terrain vehicles and horse trailers) to Economic Development and Tourism; 16 KAR 8:030 (Continuing education option for certificate renewal and rank change) to Education; 201 KAR 21:090 & E (Coursework for two (2) year prechiropractic education) to Health and Welfare; 500 KAR 2:011 (Repeal of 500 KAR 2:010) and 500 KAR 2:020 (Filing and processing SLEO commissions) to Judiciary; 803 KAR 2:300 (General), 803 KAR 2:306 (Occupational health and environmental controls), 803 KAR 2:308 (Personal protective equipment), 803 KAR 2:311 (Fire protection), 803 KAR 2:320 (Toxic and hazardous substances), 803 KAR 2:402 (General safety and health provisions), 803 KAR 2:403 (Occupational health environmental controls), 803 KAR 2:417 (Steel erection), 803 KAR 2:425 (Toxic and hazardous substances), 803 KAR 2:500 (Maritime employment) and to Labor and Industry; 201 KAR 11:230 (Continuing education requirements), 201 KAR 16:015 (Fees), 201 KAR 30:010 (Definitions for 201 KAR Chapter 30), 201 KAR 30:030 (Types of appraisers required in federally-related transactions; certification and licensure), 201 KAR 30:040 (Standards of practice), 201 KAR 30:050 (Examination, continuing education, and experience requirement), 201 KAR 30:070 (Grievances), and 201 KAR 30:180 (Distance education standards), and 815 KAR 35:100 (Electrical continuing education procedure) to Licensing and Occupations; 815 KAR 8:041 (Repeal of 815 KAR 8:040) and 815 KAR 20:191 (Minimum fixture requirements) to Local Government; 401 KAR 5:002 (Definitions for 401 KAR Chapter 5), 401 KAR 5:005 (Permits to construct, modify, or operate a facility), 401 KAR 5:055 (Scope and applicability of the KPDES Program), 401 KAR 5:060 (KPDES applications requirements), 401 KAR 5:065 (KPDES permit conditions), 401 KAR 5:080 (Criteria and standards for the Kentucky Pollutant Discharge Elimination System), 401 KAR 8:010 (Definitions for 401 KAR Chapter 8), 401 KAR 8:022 (Sanitary surveys), 401 KAR 8:075 (Consumer confidence reports), 401 KAR 8:510 (Disinfectant residuals, disinfection by-products, and disinfection by-product precursors), and 401 KAR

8:600 (Secondary standards) to Natural Resources and Environment; and 201 KAR 37:010 & E (Kentucky Veterans' Program Trust Fund, administration of fund) to Veterans, Military Affairs and Public Protection.

From Senator Tom Jensen and Representative Jim Gooch, Co-Chairs, Interim Joint Committee on Natural Resources and Environment: Memorandum requesting authorization and appointment of membership for the Subcommittee on Regulated Utilities of the Interim Joint Committee on Natural Resources and Environment.

From Senator Tom Buford and Representative Jeff Greer, Co-Chairs, Interim Joint Committee on Banking and Insurance: Memorandum requesting approval to meet on November 12 in Louisville rather than the regular meeting date of November 24. There are four potential conflicts.

From Senator David Givens and Representative Tom McKee, Co-Chairs, Interim Joint Committee on Agriculture: Memorandum requesting authorization and appointment of memberships for the Subcommittee on Rural Issues and the Subcommittee on Horse Farming of the Interim Joint Committee on Agriculture.

From Senate President David L. Williams and House Speaker Gregory D. Stumbo: Memorandum appointing the membership of the Task Force on Economic Development of the Interim Joint Committee on Economic Development and Tourism.

From Senate President David L. Williams and House Speaker Gregory D. Stumbo: Memorandum appointing the membership of the Task Force on Elections, Constitutional Amendments, and the Intergovernmental Affairs of the Interim Joint Committee on State Government.

From Senate President David L. Williams and House Speaker Gregory D. Stumbo: Memorandum authorizing the membership of the Special Subcommittee on Energy.

From Senate President David L. Williams and House Speaker Gregory D. Stumbo: Memorandum appointing Representative Linda Belcher to the Interim Joint Committee on Economic Development and Tourism and the Task Force on Economic Development of the Interim Joint Committee on Economic Development and Tourism.

From Senator Tom Buford and Representative Jeff Greer, Co-Chairs, Interim Joint Committee on Banking and Insurance: Memorandum

requesting approval to meet on September 30 at Eastern Kentucky University rather than the regular meeting date of September 22. There are no apparent conflicts.

From Senator David Givens and Representative Tom McKee, Co-Chairs, Interim Joint Committee on Agriculture: Memorandum requesting Representative Fred Nesler be removed from the Subcommittee on Rural Issues and reassigned to the Subcommittee on Horse Farming and Representative Wilson Stone be removed from the Subcommittee on Horse Farming and reassigned to the Subcommittee on Rural Issues.

From Senate President David L. Williams and House Speaker Gregory D. Stumbo: Memorandum appointing Senator Bob Leeper as Co-Chair of the Interim Joint Committee on Appropriations and Revenue.

From Senate President David L. Williams and House Speaker Gregory D. Stumbo: Memorandum appointing Ms. Ann Henn to the Kentucky Legislative Ethics Commission.

From Senate President David L. Williams and House Speaker Gregory D. Stumbo: Memorandum appointing Senator Bob Leeper as a member and Senate Co-Chair of the Subcommittee on 2010-2012 Budget Preparation and Submission.

From Bobby Sherman: Contract for Publication of Statutes and Web Versions of Regulations.

From Senator David Givens and Representative Tom McKee, Co-Chairs of the Interim Joint Committee on Agriculture: Memorandum requesting approval to meet on October 8, rather than the regular meeting date of October 14. This will be the third out-of-town meeting. There are twelve (12) potential conflicts with two other committees.

From Senator Damon Thayer and Representative Steve Riggs, Co-Chairs of the Interim Joint Committee on Local Government: Memorandum requesting approval to meet on September 24 in Covington in conjunction with the Kentucky League of Cities Annual Conference, rather than the regular meeting date of September 23. There are nine (9) potential conflicts.

From Bobby Sherman: Memorandum requesting approval of pre-filing deadlines for the 2010 Regular Session.

From Bobby Sherman: Memorandum requesting approval of the Proposed 2010 Regular Session Calendar.

From Senator Brandon Smith and Representative Keith Hall, Co-Chairs, Special Subcommittee on Energy: Memorandum requesting approval to meet on October 7 in Pikeville rather than the regular meeting date of October 16. There are two (2) potential conflicts.

From Senator Bob Leeper and Representative Rick Rand, Co-Chairs, Subcommittee on 2010-2012 Budget Preparation and Submission: Final Report of the Subcommittee on 2010-2012 Budget Preparation and Submission.

From Senator Robert Stivers and Representative John Tilley, Co-Chairs, Interim Joint Committee on Judiciary: Memorandum requesting approval for an additional meeting of the Subcommittee on the Penal Code and Controlled Substances Act on Monday, October 19 in Louisville. This would count as the fourth out-of-town meeting for the Interim Joint Committee on Judiciary. There are no apparent conflicts.

From Senator Damon Thayer and Representative Mike Cherry, Co-Chairs, Interim Joint Committee on State Government: Memorandum requesting approval to meet on October 7, in Princeton, rather than the regular meeting date of October 28. There are twenty-one (21) potential conflicts with three other committees.

From Representative David Floyd: Memorandum requesting LRC recognition of the Bourbon Trail Caucus and identification of membership.

COMMUNICATIONS

From the Office of the Attorney General: Constitutional Challenge Reports for the months of April, May, and June 2009.

From the Cabinet for Health and Family Services, Kentucky E-Health Network Board: 2008 Annual Report.

From Kentucky Employers' Mutual Insurance: Letter advising that KEMI's 2008 Annual Report has been posted to kemi.com.

From the Finance and Administration Cabinet: Monthly Investment Income Report for the months of May, June, and July 2009.

From the Cabinet for Health and Family Services, Department for Mental Health, Developmental Disabilities and Addiction Services: Response to the recommendations of the Auditor of Public Accounts performance audit.

From the Kentucky Council on Postsecondary Education: Letter re-

garding compliance by public higher education institutions with the provision of information on preventing transmission of HIV/AIDS to freshmen and transfer students.

From the Auditor of Public Accounts: Simpson County 2007 Sheriff Tax Settlement Audit.

From the Auditor of Public Accounts: Simpson County Sheriff 2007 Fee Audit.

From the Auditor of Public Accounts: Trigg County 2007 Sheriff Tax Settlement Audit.

From the Kentucky Commission on the Deaf and Hard of Hearing: Telecommunications Access Program (TAP) Annual Report for FY 09.

From the Cabinet for Economic Development, Department of Financial Incentives: Loan data sheets for each loan approved as of the quarter ending June 30, 2009.

From State Budget Director Mary E. Lassiter: June and July 2009 monthly updates on AARA formula funding.

From the University of Kentucky, Kentucky Tobacco Research & Development Center: Quarterly Report for April 1-June 30, 2009.

From the Kentucky Labor Cabinet, Division of Workers' Compensation Funds: Report for Kentucky Coal Workers' Pneumoconiosis Fund, Quarter Ending June 30, 2009.

From the Kentucky Judicial Form Retirement System: Operating Statement for FY 2009; list of investments held by the Fund as of June 30, 2009; and Portfolio Valuations of the Fund as of June 30, 2009.

From the Advisory Committee on Services for the Deaf and Hard of Hearing: 2009 Biennial Report.

From the Kentucky Assistive Technology Loan Corporation: 2008 Annual Report.

From the Cabinet for Health and Family Services, Office of the Inspector General: FY 2009 Joint Report of the Medicaid Fraud Control Unit of the Office of the Attorney General.

From the Cabinet for Health and Family Services, Office of the Secretary: FY 2008 Assisted Living Revenues and Expenditures Report.

From the Kentucky Employers' Mutual Insurance: Statement of Assets, Liabilities, and Surplus as of June 30, 2009; Statement of Income as of June 30, 2009; and Statement of Solvency for the six months ended June 30, 2009.

From Kentucky Employers' Mutual Insurance: Quarterly Statement and Financial Status for the period

ending June 30, 2009.

From the Finance and Administration Cabinet, Office of Administrative Services: Report of Permanently Assigned Vehicles as of August 1, 2009.

From Adjutant General Edward W. Tonini: Military Family Assistance Trust Fund, FY 2009 Annual Report.

From the Tourism, Arts and Heritage Cabinet: 1% Transient Room (Lodging) Tax Progress Report for FY 2009.

From the Commission on Small Business Advocacy: FY 2009 Annual Report.

RESOLUTIONS

A RESOLUTION adjourning the Legislative Research Commission in honor and loving memory of Joseph M. Flannery.

A RESOLUTION adjourning the Legislative Research Commission in honor and loving memory of Thomas A. Saladin.

A RESOLUTION adjourning the Legislative Research Commission in honor and loving memory of Robbie Castleman Terry.

A RESOLUTION adjourning the Legislative Research Commission in honor and loving memory of William J. Schickel.

OTHER BUSINESS

Senator Kelly asked to be recognized and informed the members that parts of counties of Kentucky are to be designated as a National Heritage Area. This would be a national designation that would have some fifteen (15) years of federal funding streamed to help Kentucky coordinate and promote its Lincoln Heritage areas and national historic area. He advised the members that he has information on this if anyone is interested.

Mr. John Hicks, Assistant State Budget Director, was then introduced as a guest speaker. Mr. Hicks handed out the August 2009 monthly update on ARRA formula spending, which was accepted and referred as part of the Agenda. Mr. Hicks advised that in that report, the composition of which is basically the federal grant programs that come through Kentucky State Government. Mr. Hicks indicated that this would be a monthly report to LRC that updates the members on the status of the various grant programs, where they are in their progress and decisions that have been recently made. The other piece of item in the report is the amount of spending that has oc-

curred, cumulatively to date. At that time, Mr. Hicks went over amounts in the August report. He did advise the members that a lot of other programs are still under way, and in some cases Kentucky has not been awarded all of the funds, but they will be forthcoming from the various federal agencies. Mr. Hicks noted that Kentucky has not yet received any competitive grant awards. He said there are many underway, but the federal agencies have not yet made a lot of those decisions, and as those decisions are made, and awards are received, they will add those to this status list and report to LRC monthly.

Mr. Hicks informed the members that there were a handful of recent announcements on things that have gone under the Clean Diesel Program. Twenty-three (23) school districts have received funding to help retrofit school buses. There was also a small grant of 1.8 million dollars for school lunch equipment and forty-seven (47) school districts recently received funding for that.

Mr. Hicks also advised the members that several other grant programs from which local entities will be receiving funds are still under decision making. Among the most prominent are the BURN Justice Assistant Grants that are used a lot of times for drug task forces and other local criminal justice law enforcement uses. Those decisions are made by the Justice and Public Safety Cabinet.

Mr. Hicks then asked if there were any questions from the members.

Representative Adkins asked who made the decisions regarding BURN Grants, Department of Education grants and various other grants.

Mr. Hicks said that most of the funds are additional funds to programs that already exist; for example, the BURN JAG program. That program already exists, so there are already a set of requirements on the decision process. In this case, the Justice and Public Safety Cabinet puts out the RFP's to local law enforcement. They bring them in and have review teams that evaluate them, the same as with the Kentucky Department of Education on the school lunch program.

Representative Adkins then asked who picks the review team.

Mr. Hicks responded that internally, the Department and Cabinets make those selections on the individuals.

At that time Senator Gibson

asked if there has been any funding that Kentucky, or possibly the Transportation Cabinet, has not received because it did not meet time lines.

Mr. Hicks advised at this point, that Kentucky has met all time lines required to date.

Senator Gibson asked if the Federal Government had extended any time lines to which Mr. Hicks replied, "no, sir."

Senator Williams asked Mr. Hicks if there is a list of grants available on the internet or anywhere in terms of who is to receive them for decisions already.

Mr. Hicks said that essentially what is out there right now is that that information is inside certain press release type documents that are on the internet. Senator Williams asked if the Department could provide a comprehensive list and post it or give it to LRC so that it can be put it on the web, so that everyone would have an opportunity to look at it. Mr. Hicks said he would be glad to provide that for all of the sub grants that he just mentioned that have been awarded.

There being no further business, the meeting was adjourned at 1:45 p.m.

INTERIM JOINT COMMITTEE ON AGRICULTURE

Minutes of the 3rd Meeting of the 2009 Interim August 27, 2009

The 3rd meeting of the Interim Joint Committee on Agriculture was held on Thursday, August 27, 2009, at 10:00 AM, in Louisville, Kentucky. Representative Tom McKee, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator David Givens, Co-Chair; Representative Tom McKee, Co-Chair; Senators David E. Boswell, Ernie Harris, Vernie McGaha, Joey Pendleton, Dorsey Ridley, Kathy W. Stein, and Damon Thayer, Representatives Royce W. Adams, Dwight D. Butler, James R. Comer Jr., Mike Denham, C. B. Embry Jr., Jeff Greer, Richard Henderson, Charlie Hoffman, Martha Jane King, Brad Montell, David Osborne, Sannie Overly, Don Pasley, Tom Riner, Steven Rudy, Kent Stevens, Wilson Stone, Tommy Turner, Ken Upchurch, and Susan Westrom.

Guests: Harold Workman, President and CEO, Kentucky State Fair Board; Board Members: Lanny Greer, Chairman; Ronald Carmicle,

Vice Chair; Anna Jane Cave, Richie Farmer, Commissioner, Kentucky Department of Agriculture, Gib Gosser, Hilda Legg, Mike Libs, William Malone, Sam Moore, Fred Sarver, Dr. Scott Smith, Dean, UK College of Agriculture, William Tolle and Steve Wilson; Virginia Flannigan, Kentucky Heritage Center, Dr. Robert Stout, Kentucky Veterinarian, Mallory Ervin, 2009 Miss Kentucky; House Speaker Greg Stumbo; Rep. Robin Webb, and Rep. John Will Stacy.

LRC Staff: Lowell Atchley, Stefan Kasacavage, Stewart Willis (Budget Review staff) and Susan Spoonamore, Committee Assistant.

The July 8, 2009 minutes were approved by voice vote, without objection, upon motion made by Rep. Pasley and seconded by Rep. Denham.

Harold Workman, CEO, Kentucky State Fair, recognized Richie Farmer, Commissioner, Kentucky Department of Agriculture for remarks.

Mr. Workman made a report regarding the facilities and operations of the Kentucky State Fair. Going into this year's State Fair, Mr. Workman stated that they were apprehensive about participation due to the economy. Once all the entries had been received, they were relieved to see that entries were up in most all categories. Attendance has been up and officials are hoping to end the week on a good note, he said.

Mr. Workman said that he was proud to say that with the expansion of the facilities at the Kentucky Fair and Exposition Center, it was now ranked the 5th largest facility in the country for trade shows and conventions.

The Fair Board has been charged with the responsibility of managing the Kentucky International Convention Center (KICC), and will soon have the responsibility of managing the downtown arena. Mr. Workman also stated that two major conventions will be coming to Louisville between now and 2013 and there are requests pending with interest in the combination of the KICC and the new arena.

Mr. Workman talked about replacing the outdoor stadium with a 12,000 seat amphitheatre. He also discussed building a new 600 plus guest hotel at Gate 1. He indicated that they hoped to have a developer interested in building the hotel in the near future.

Sen. Pendleton talked about the

North American International Livestock Show (NAILS) that is held at the Fairgrounds every year. He raised the issue that the NAILS will not receive any state funding for the year 2009, and if permanent funding is not put back into the NAILS, Kentucky stands to lose the largest livestock show in the world.

Mr. Workman concurred with Sen. Pendleton. He said it is an event that started 37 years ago, and is owned by the Commonwealth of Kentucky.

Sen. Stein asked how long the horses would have to stay in quarantine before the start of the World Equestrian Games. She also asked if the World Equestrian Games would have a positive effect on the Kentucky State Fair next year.

Mr. Workman stated that he could not answer the question about the quarantine of horses being brought into the state for the World Equestrian Games. He said that anything that brings international attention to Kentucky is good for the whole state.

Commissioner Farmer stated that the Kentucky Department of Agriculture and the State Veterinarian's Office will be on the front line with quarantining horses.

Dr. Robert Stout, State Veterinarian, informed the members that the quarantine facility will be at the airport in Cincinnati, and will be open for approximately 23 days. Horses from out-of-the country will pass through that facility, moved to the Horse Park, and then return back to the quarantine facility.

Chairman McKee asked if there is a timeline for building the new amphitheatre and hotel, and whether there are additional needs to be considered.

Mr. Workman said that the demolition of the stadium and construction of the amphitheatre would require legislative funding. The hotel would be a private investment. One other issue is parking and gate admission. He said that starting next year there would be automated equipment that would handle debit/credit cards and cash which should make entry into the fairgrounds faster.

Chairman Greer, Kentucky State Fair Board, gave closing remarks on behalf of the Board.

Executive Order 2009-754, relating to reorganization of the Kentucky Milk Commission, was reviewed and accepted, by voice vote, without objection, upon motion made by Rep.

Embry and seconded by Rep. Pasley.

Co-Chairman Givens informed committee members of future meeting dates and places.

Meeting adjourned.

INTERIM JOINT COMMITTEE ON AGRICULTURE

Minutes of the 4th Meeting of the 2009 Interim September 9, 2009

The 4th meeting of the Interim Joint Committee on Agriculture was held on Wednesday, September 9, 2009, at 10:00 AM, in the Hospitality Room, at the Kentucky Horse Park. Senator David Givens, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator David Givens, Co-Chair; Representative Tom McKee, Co-Chair; Senators Ernie Harris, Dan Kelly, Bob Leeper, Vernie McGaha, Dorsey Ridley, and Damon Thayer; Representatives Royce W. Adams, Dwight D. Butler, Mike Cherry, James R. Comer Jr., Mike Denham, C. B. Embry Jr., Jeff Greer, Richard Henderson, Jimmy Higdon, Charlie Hoffman, Brad Montell, Fred Nesler, David Osborne, Sannie Overly, Don Pasley, Tom Riner, Steven Rudy, Dottie Sims, Kent Stevens, Wilson Stone, Tommy Turner, Ken Upchurch, and Susan Westrom.

Guests: Jane Beshear, First Lady of Kentucky; John Nicholson, Executive Director, Kentucky Horse Park; Jamie Link, Chief Executive Officer, World Games 2010 Foundation, Inc.; Dr. Pearse Lyons, President, Alltech; and Secretary Jonathan Miller, Kentucky Finance and Administration Cabinet.

LRC Staff: Biff Baker, Lowell Atchley, Stefan Kasacavage, Stewart Willis (Budget Committee), and Susan Spoonamore, Committee Assistant.

The August 27, 2009, minutes were approved, without objection, by voice vote, upon motion made by Rep. Don Pasley and seconded by Rep. Richard Henderson.

A resolution urging the Parliament of Canada to clarify language in Bill C-32 (the tobacco control bill) that could potentially threaten the burley tobacco industry in Kentucky was approved, without objection, by voice vote, upon motion made by Rep. Tom McKee and seconded by Rep. Don Pasley.

Chairman Givens introduced Jane Beshear, First Lady of Kentucky;

John Nicholson, Executive Director, Kentucky Horse Park; Jamie Link, Chief Executive Officer, World Games 2010 Foundation, Inc.; Dr. Pearse Lyons, President, Alltech; and Secretary Jonathan Miller, Kentucky Finance and Administration Cabinet, for brief updates on the status of the Horse Park for the 2010 World Equestrian Games (WEG).

Mr. Nicholson stated that the park had booked over 70 major competitions and was confident that the number of competitions would continually increase. He said that there were 34 organizations (state, national, and federal) located on the grounds. He also stated that there were 12 active projects still on-going.

First Lady Jane Beshear thanked the Legislature and sponsors for funding of the 2010 World Equestrian Games. She stated that she and the Governor and other state officials had just returned from a trip to England promoting the games and reassuring the Europeans that the United States and Kentucky were safe and ready to host the games.

Ms. Beshear said it would be important to recognize all 120 counties during the WEG, and that there would be a Kentucky Pavilion on the grounds highlighting the "Kentucky Experience."

Ms. Beshear said the funding for the two new arenas would make it possible to host all 8 disciplines on the grounds of the horse park, something that has not been done before. She stressed that the WEG would leave behind a wonderful legacy, in addition to the positive financial impact.

Jamie Link, Chief Executive Officer, World Games 2010 Foundation, Inc., stated that it would be the first time ever for the WEG to be located outside of Europe, and that it would also be the first time ever that all the events would be held on one site. It was estimated that the event would have a \$150 million economic impact.

Mr. Link said that the games would be broadcast live and was expected to draw approximately 500 million viewers. He stated that 32 countries had submitted media requests. Mr. Link noted that the Foundation employs 30 staff and has over 11,000 volunteers. Tickets for the WEG will go on sale to the public on September 25th.

When asked if tours to other counties would be offered to visitors

during the games, Mr. Link stated that tours would be offered, making it possible to showcase Kentucky. For anyone interested in being a part of the "Kentucky Experience," they should contact their local tourism or Chamber of Commerce entities or the Tourism Cabinet.

Sen. Kelly and Rep. Westrom stated that they would like to see the musical and instrumental youth talent promoted, as well as local artisans.

Mr. Link and Mr. Nicholson listed the events that would be showcased at the museum in the near future. Mr. Link also stated that for the first time ever, there would be a Para Dressage for the physically handicapped. Also, beginning in October, there will be a trial run of the Carriage Driving and Endurance Challenge.

Dr. Pearse Lyons, President, Alltech, spoke on the accomplishments that are being realized from state and private funding in making the Alltech FEI World Equestrian Games a success. He spoke on the Alltech-Muhammad Ali Center Global Education and Charitable Fund working together to promote numerous charitable activities leading up to and coinciding with the games. There are 10 ambassadors, representing Kentucky's congressional districts, whose mission is to promote the Games in churches, schools, civic groups, and clubs. Dr. Lyons also talked about the 2009 Alltech Fortnight Festival which kicks off on September 25th. There will be 16 straight days of entertainment throughout the Commonwealth. The same will happen next year from September 25th through October 25th with entertainment in downtown Lexington, surrounding cities, and regional arts centers.

Several legislators expressed an interest in how the \$10 million donated by Alltech was spent and what the operating budget was. They requested a detailed report.

Secretary Jonathan Miller, Finance and Administration Cabinet gave a breakdown of how the state money was being spent. Sen. Givens asked how many dollars had been invested in the horse park so far. Secretary Miller said he would ask his staff to prepare a detailed report of his facts and figures and would make it available to the LRC staff. Secretary Miller was also asked whether projects were being completed on budget and on time. Mr. Nicholson stated that most of the projects were on or

under budget and on time.

Rep. Stone asked if any estimates had been done on the economic impact of the sales tax. Mr. Miller stated that no estimates had been done yet.

Immediately following adjournment, the committee was invited to tour the facilities.

The meeting adjourned at approximately 12:20 p.m.

INTERIM JOINT COMMITTEE ON APPROPRIATIONS AND REVENUE

Minutes of the 2nd Meeting of the 2009 Interim August 27, 2009

The 2nd meeting of the Interim Joint Committee on Appropriations and Revenue was held on Thursday, August 27, 2009, at 2:00 PM, in Room 154 of the Capitol Annex. Representative Rick Rand, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Bob Leeper, Co-Chair; Representative Rick Rand, Co-Chair; Senators David E. Boswell, Denise Harper Angel, Ernie Harris, Dan Kelly, Alice Forgy Kerr, Vernie McGaha, R.J. Palmer II, Joey Pendleton, Tim Shaughnessy, Brandon Smith, Robert Stivers II, Gary Tapp, Elizabeth Tori, and Jack Westwood; Representatives Royce W. Adams, Dwight D. Butler, James R. Comer Jr., Jesse Crenshaw, Mike Denham, Danny Ford, Derrick Graham, Keith Hall, Jimmie Lee, Harry Moberly Jr., Lonnie Napier, Fred Nesler, Sannie Overly, Don Pasley, Marie Rader, Jody Richards, Charles Siler, Arnold Simpson, Tommy Turner, Jim Wayne, Ron Weston, and Brent Yonts.

Guests: Ms. Mary Lassiter, State Budget Director and Secretary of the Governor's Executive Cabinet, Mr. Gary Morris, Policy Advisor to Commissioner Miller, Department of Revenue, Mr. Don Richardson, Executive Director of Income Tax for the Department of Revenue, Mr. Richard Dobson, Executive Director of the Office of Sales and Excise Taxes in the Department of Revenue, and Mr. Jim Oliver, Director of the Division of Miscellaneous Taxes in the Department of Revenue.

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

Chairman Rand welcomed new Appropriations and Revenue Senate Chair and Interim Co-Chair, Senator Leeper. Senator Leeper greeted the members and briefly discussed his

enthusiasm for his new position.

Chairman Rand announced that Representative Webb has been elected to the Senate. A resolution in honor of Representative Webb was carried by voice vote. Representative Webb thanked the members.

Chairman Rand introduced the new LRC staff member, Eric Kennedy.

Ms. Mary Lassiter, State Budget Director and Secretary of the Governor's Executive Cabinet, reported to the committee on Fiscal Year (FY) 2009 and prospects for the FY 2010. She stated that the General Fund decreased by 2.7% in FY 2009 and is anticipated to continue to decrease in FY 2010. She identified the major areas of concern for reduction of revenue: the sales tax (-0.7%), individual income tax (-4.8%), and corporate income tax (-38%). Revenue from the coal severance receipts, however, continues to increase. Revenue from the cigarette excise tax increased in FY 2009, but as a result of the rate increase approved in the 2009 Regular Session. She said if not for tax increases passed, there would have been a 3.3% decline in the General Fund in FY 2009.

Next, Director Lassiter reviewed the actions to balance the FY 2009 budget. She cited two key pieces of legislation enacted during the 2009 Regular Session: HB 143, which amended the budget reduction plan, and HB 144, which increased the tax imposed against tobacco and alcohol. She also discussed budget reduction orders enacted in March and July. The budget reduction order adopted in March relied on using funds from the rainy day fund, spending reductions, fund transfers, revenue increases, and a SEEK lapse to address a \$493 million shortfall. The budget reduction order issued in July addressed an additional shortfall of \$63.2 million by diverting excess funds from the Medicaid program. She noted that the funds were not needed in Medicaid due to an enhanced federal match rate under the American Recovery and Reinvestment Act (ARRA).

Director Lassiter reported there were currently no funds in the Budget Reserve Trust Fund. \$219 million from the fund was used during the 2009 Regular Session to balance the FY 2009 budget. The remaining balance of \$7.1 million has already been expended in FY 2010.

Next, Director Lassiter discussed the FY 2010 budget. The governor called the 2009 Special Session to

address an estimated \$1 billion budget shortfall for FY 2010. The Governor's proposal to balance the budget included the use of stimulus funding, spending reductions, debt restructuring, enhanced revenue collection efforts, and suspension of 3 to 5 paid holidays for state employees. The proposal reduced the budget 2.6% from FY 2009 spending levels and was enacted by the General Assembly with two exceptions. The Governor's proposal for unpaid holidays for state employees was not included in the reductions authorized by the General Assembly and the General Assembly recognized unique funding requirements for PVAs, prosecutors, the public advocate, and judicial and legislative branches. The General Assembly also enacted a tax exemption for military pay and a tax credit for homebuyers that are anticipated to have a FY 2010 impact.

Director Lassiter next reviewed the planning estimates made by the Consensus Forecast Group (CFG) in August of 2009. CFG's current planning forecast estimate for FY 2010 is a reduction of 2.5% from FY 2009 revenue levels, resulting in an additional projected shortfall of \$82.2 million. The planning estimates for FY 2011 and FY 2012 did not change much from the previous estimates. Recovery is projected in FY 2011 and 2012, but growth is not expected to be enough to sustain current spending levels. Planning estimates state that Kentucky will not return to FY 2008 funding levels until FY 2012.

Next, Director Lassiter went through the budget measures passed during the 2009 Special Session relating to FY 2010. There was no spending reduction from FY 2009 levels for SEEK per pupil guarantees or for the post-secondary institutions. Also, there were no reductions from the FY 2009 Medicaid program. Other preserved areas with no cuts from FY 2009 funding levels are: mental health, economic development, state police, local jail support, KET, the Kentucky Horse Park, and the ethics commission. Additional funding over the FY 2009 revised budget, but at levels below the enacted FY 2010 levels was also provided in several areas. Finally, the Department of Revenue, state parks, the Horse Racing Commission, Public Advocacy, Prosecutors, and LGEAF/LEGDF all received funding at levels greater than the FY 2010 enacted budget.

Director Lassiter reported that with current spending levels and the

tax credits and exemptions enacted during the 2009 Special Session, further cuts beyond the 2.6% budget cuts approved in the 2009 Regular Session are needed. The Governor will issue a budget reduction order which, for most state agencies, will mean a 4% reduction from FY 2009 spending levels. She noted that all cabinets are working to mitigate the impact on services caused by reduced spending and to preserve the infrastructure of state government.

Director Lassiter discussed the status of the Road Fund. In FY 2009, the Road Fund declined 5.6% and there was a 17.1% reduction in revenue from the Motor Vehicle Usage Tax. A temporary increase in revenue under that tax is anticipated in FY 2010 due to the "Cash for Clunkers" federal program and the additional state incentives passed during the 2009 Special Session. Adding the fiscal impact of the state car buyer credit, the shortfall for the Road Fund in FY 2010 is estimated to be \$264.1 million. Planning estimates from CFG indicate the Road Fund will not return to FY 2008 levels until FY 2012.

Senator Stivers asked if the exemption from reduction in funding for Contract Spaces, which allows Kentucky students to attend out-of-state veterinary school in FY 2010 was included in the language in HB 4. Director Lassiter replied that HB 4 was an amendment to the budget reduction plan. Budget reduction plans include a prioritized list of reductions, but the Governor has discretion as to where reductions are made.

Representative Wayne asked how the State Fiscal Stabilization Funds for FY 2010 were to be used. Director Lassiter replied that the funds were fungible and would be used to help balance the overall budget.

Representative Moberly asked whether the next budget would consider stimulus funds to avoid penalizing programs which have these funds in their base during the current fiscal year. Director Lassiter said that consideration would be given to those programs. The current budget documents identify the source of funding for agencies. The FY 2010 budget instructions are being drafted and she anticipates that the instructions will contain guidance to the agencies on this issue so that no penalization occurs.

Chairman Rand asked if the CFG

has factored in inflation into their estimates. Director Lassiter reported that the CFG receives information regarding inflation from several forecasting groups. Those national economic indicators are used when forecasting state expense as appropriate.

Senator Shaughnessy asked why the Coal Severance Tax revenue declines almost 24% from FY 2009 to FY 2010. Greg Harkenrider, Chief State Economist, reported there is an anticipated decline in FY 2010 Coal Severance Tax based on an anticipated drop in coal price, which is a factor in determining tax owed.

Representative Lee asked if the FMAP will change based on the unemployment rate and if there are enough General Fund moneys to compensate for any change. Director Lassiter confirmed that if the unemployment rate decreases, there could be a decrease in the federal matching rate for state Medicaid. However, after studying historical data on unemployment in the Commonwealth, the CFG does not project unemployment will drop below 8.9% in the near future.

Representative Yonts asked if repayment of the funds borrowed from the Federal government for Unemployment Insurance Trust Fund was part of the FY 2010 budget. Director Lassiter responded that the repayment was not part of the FY 2010 analysis. The Governor has appointed a taskforce to evaluate the program and recommendations are expected on November 1, 2009.

Representative Wayne asked if there will be a task force to evaluate tax reform to address continued problems with funding. Director Lassiter said that there have been numerous studies completed on tax reform and that there may be further discussion and debate in the future based on prior studies.

Senator Leeper asked if the cigarette excise tax increase has influenced the amount purchased. Director Lassiter stated that while revenue from the tax came in as expected, total sales were less than projected. However, the decrease in sales is primarily attributed to the federal cigarette tax increase. Senator Leeper also asked how the North Point Training Center would affect the budget. Director Lassiter stated that all state properties are self-insured through the State Fire and Tornado Insurance Fund and state agencies pay premiums into that fund. Those dollars

are then used to purchase reinsurance. From a budget standpoint, North Point Training Center will not have much of an impact. There will be some impact to the correctional system in the short-term and a re-evaluation of the capital plan in the long-term. Finally, Senator Leeper asked how the decrease in property and motor vehicle assessments will affect SEEK. Director Lassiter replied that SEEK funding was a concern that is being addressed as Budget starts working on the next biennial budget. There will be a SEEK impact, but the total value has yet to be determined.

Representative Webb asked about the status of space and personnel after the removal of 700 inmates from North Point Training Center. Director Lassiter replied that inmates were moved to state or private institutions but the increase in operational costs are covered by insurance.

Next, Mr. Gary Morris and Mr. Don Richardson with the Department of Revenue addressed the committee regarding the New Home Tax Credit, enacted in HB 3 in the 2009 Special Session. Mr. Morris stated HB 3 had an emergency clause and went into effect on July 26, 2009. The credit applies to the purchase of new homes in the Commonwealth made by a qualified buyer who purchases a new home in a transaction defined in KRS 141.388. The homebuyer applies for the credit through the Department of Revenue. If approved, the taxpayer then claims the credit on their individual income tax return in the calendar year in which it was approved. The effective date range is one year, from July 26, 2009 to July 25, 2010. The credit is a maximum of \$5,000 per home, is non-refundable, and cannot be carried forward or back to any other tax year.

Mr. Morris explained that the Department of Revenue posts on its website the total amount of credit which has been approved. The program has a cap of \$25 million and when it has been reached, any additional applications will be denied. As of August 25, 2009, \$765,000 in credit has been approved. Mr. Morris stated that to date there have been 162 applicants for the credit, of which 153 have been approved and 9 have been denied. Revenue has reached out to potentially interested individuals and organizations to let them know about the program. Finally, if an applicant is eligible for the Federal First Time Homebuyer's

Credit, they are not eligible for the Home Tax Credit.

Representative Denham asked when escrow occurs for the purpose of the credit. Mr. Morris reported that Revenue was interpreting escrow as the date on which the bank, buyer, and seller have closed. From the date of escrow, the buyer has seven days to fax an application for the credit. Representative Denham also asked if a purchaser can be pre-approved. Mr. Morris replied that a form is only considered after the purchase has been finalized but that taxpayers can call and have questions answered.

Representative Crenshaw asked if this program has had a measured influence on the number of houses sold. Mr. Morris responded that it was too early to measure such an impact. He said updates on the impact of the program could be provided to members as requested, and Revenue would solicit help from economists in the Governor's Office of Economic Analysis to determine overall impact.

Representative Webb asked what the issues were with the 9 applicants denied the credit. Mr. Morris responded that the majority issue was filing beyond the statutorily-required 7 day deadline. Mr. Richardson also stated there were some denials due to incorrectly filled out forms, which could be rectified by resubmission. The only time a resubmission would affect an applicant is if their amended application was resubmitted after the credit cap was met.

Finally, Mr. Richard Dobson and Mr. Jim Oliver with the Department of Revenue discussed the credit for Motor Vehicle Usage Tax. The credit is capped at \$25 million. This is a temporary trade-in credit allowance which starts September 1, 2009 and runs through August 31, 2010, assuming funding is still available. The Department of Revenue has been offering training programs to the County Clerks with regard to the implementation of this tax credit. The credit amount used will be published online and updated throughout the day. The Department has also promulgated an emergency regulation to provide some detail about the process to interested parties.

Chairman Rand noted that in the handout was a packet of information which needs no action. It directs some routine allotment adjustments and appropriation changes which have been reviewed by staff and deemed in order.

Representative Harper Angel asked about HB 44 and whether counties were taking the full 4% increase in property tax. Pam Thomas clarified that it is the state property tax rate that is designed to automatically increase by 4% every year, based on the estimates of the assessment base. The property rate increase for local property taxes works very differently. Representative Harper Angel asked that the staff look into the changes in local property taxes, especially as regards SEEK.

Being no further business, the meeting was adjourned at 3:30 p.m. A cassette tape of this meeting and all meeting materials are available in the Legislative Research Commission library.

INTERIM JOINT COMMITTEE ON EDUCATION

Subcommittee on Elementary and Secondary Education Minutes of the 3rd Meeting of the 2009 Interim September 14, 2009

The third meeting of the Subcommittee on Elementary and Secondary Education of the Interim Joint Committee on Education was held at 10:00 AM on Monday, September 14, 2009, at Northern Kentucky University, Highland Heights, Kentucky. Representative Ted Edmonds, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Ted Edmonds, Co-Chair; Senators Walter Blevins Jr., David Givens, and Jack Westwood; Representatives Hubert Collins, Derrick Graham, Carl Rollins II, Wilson Stone, and Alecia Webb-Edgington.

Guest Legislator: Senator John Schickel.

Guests: Polly Lush Page, P-16 Council; Wayne Young, Kentucky Association of School Administrators; Betty Sue Johnson, Kentucky Council of Economic Educators; April Roberts-Traywick, Prichard Committee; J. Robert Yost, Superintendent, Pendleton County Schools; Joy Brashear, Bluegrass Advocates; Kyna Koch, Legislative Research Commission; Linda Jewell, Regional Coordinator, Kentucky Center for Mathematics (KCM), Northern Kentucky University (NKU); Cindy Aossey, Regional Coordinator, KCM, University of Kentucky; Becky Fuqua, KCM Math Coach, Danville Schools; Vanessa Maggard, Elliott County Board of Education; Jacky Skaggs, KCM Math Intervention Teacher, Sandy Hook El-

ementary; Kitty Marston, KCM Math Coach, Danville Schools; Dennis Chaney, NKU Student Government Association; Tammy May KCM Math Coach, Lebanon Elementary School; Mona Ball, Susan Herron, John Warren and Terry Poindexter, Kentucky Education Association; and Judith Gibbons and Chair Joe Brothers, Kentucky Board of Education.

LRC Staff: Janet Stevens, Sandy Deaton, and Janet Oliver.

Representative Edmonds expressed his appreciation to President James Votrubia, Northern Kentucky University, for hosting the meeting. President Votrubia welcomed the committee members to the university and said the focus of this meeting would be about the university's involvement in P-12 education. He said presentations would be given on the Kentucky Center for Mathematics and NKU's program of distinction, the Center for Integrated Natural Science and Mathematics.

Senator Westwood also welcomed the committee to the northern Kentucky area and Northern Kentucky University.

Representative Edmonds said the Kentucky Center for Mathematics (KCM) supports mathematics teaching and learning across the state. He asked Dr. Kirsten Fleming, Executive Director of the center, to give her presentation.

Dr. Fleming introduced Linda Jewel, KCM regional coordinator at Kentucky State University; Earlene Tutor, mathematics coach at Brooks Elementary; and Tammy May, mathematics intervention teacher at Lebanon Elementary in Marion County. She said several of the mathematics intervention teachers and mathematics coaches were also in the audience.

Dr. Fleming said that the center was established by House Bill 93 enacted in the 2005 legislative session. The legislation also established the Committee for Mathematics Achievement comprised of representatives of statewide P-12 and postsecondary institutions, adult education programs, and education governing boards. The committee was charged with developing a strategic plan to improve mathematics education throughout Kentucky. The bill established a Mathematics Achievement Fund, with current funding of \$6.9 million, and the Teachers' Professional Growth Fund to support mathematics and literacy coaching. She said the legislation di-

rected that the center be housed at a public postsecondary institution and Northern Kentucky University was chosen to host the center and began its work in March 2006.

Dr. Fleming said the center's major goal is to improve student achievement in mathematics at all levels, including adult education, throughout the Commonwealth, and data shows that the overall goal is being met. The center offers a variety of services including mathematics education research and funds have been provided to university faculty at Morehead, Murray, Eastern Kentucky University, and the University of Louisville to assist in that research. She said the center is currently working with the Kentucky Association of Colleges for Teacher Education to form a statewide research group to study pre-service teacher preparation in mathematics. The center will be co-sponsoring a conference with the Kentucky Council of Teachers of Mathematics and also coordinates activities with the Collaborative Center for Literacy Development at the University of Kentucky. All of the partnerships have been formed to increase the number of undergraduate degrees in the science, technology, engineering and mathematics (STEM) disciplines. Federal funds and grants are constantly being sought to support the effort and grants have been received to increase the number of secondary mathematics teachers in high need schools and to provide scholarships for students who have done well academically and have high financial need. Dr. Fleming said the center's staff are also participating in Senate Bill 1 implementation workgroups and also participate in other state, national and international meetings to obtain information and publicize Kentucky initiatives. The center has also conducted one conference and another conference will be held in Frankfort on February 4-5, 2010. The center has a Website with resources for parents, students, and teachers to improve mathematics achievement.

Dr. Fleming said the center's major activity is professional development. She said most P-12 teachers do not have an opportunity to participate in an adequate amount of professional development, which should be at least 50 or more hours per year, and that professional development should be centered on how to change teaching practices in order to improve student achievement.

When teachers enroll in the center's program, professional development occurs throughout the year and on-line support or personal visits are available between training sessions. Dr. Fleming said the Primary Intervention Program funded through the Mathematics Achievement Fund has now reached capacity with 130 mathematics intervention teachers (MITs) and new schools could not be accepted for lack of funding. She said schools in the Primary Intervention Program receive a \$70,000 grant the first year and \$60,000 in each of the following years to pay the MIT's salary and benefits and to pay for materials and the MIT's professional development fees in the first two years. The MITs work with students identified as being below grade level and learn to diagnose the student's ability and adjust instruction according to an individual child's needs. MITs who have participated with the center for three or four years also provide leadership and coaching for other teachers in their school.

The Mathematics Coaching Program is also funded by the Teachers' Professional Growth Fund. The salaries of the math coaches are paid by the school, but training related costs are paid from the fund. Dr. Fleming said the center currently has 30 coaches working with approximately 350 teachers in P-12 schools providing job-embedded professional development to help the teachers become more effective in the classroom. She said the current number of 30 is about half the number provided in previous years because of lack of funding in the Teachers' Professional Growth Fund. She said the MIT program and the coaching program have become intertwined and have shown measurable results in schools having MITs and a coach, such as Toliver Elementary in which the academic index improved by 26 points in one year rather than the average gain of 5-6 points per year. In the first year, the center had programs in 38 counties but now have MITs and/or coaches in 101 counties in Kentucky. The center also has added an adult education program to help participants prepare for the new GED test in 2012 and to help more adult students become college ready. Dr. Fleming said that 325 schools were unable to join the intervention program because of lack of funds.

Dr. Fleming said the center has been able to measure teacher growth using the Learning Mathematics for

Teaching (LMT) Score from the University of Michigan, which has shown significant teacher growth in content knowledge and pedagogical content knowledge and through the average yearly progress indexes in No Child Left Behind goals.

Representative Stone asked if any local districts provide their own funding for intervention programs. Dr. Fleming responded that 10 schools provided local funds this year to participate in the center's programs and some other local school districts use other models of intervention, although they may not be comparable to the center's model.

Senator Blevins said it was his understanding that the math academy in Bowling Green works with gifted students and asked what population of students is served by the center. Dr. Fleming said that KCM works mostly with teachers of primary through high school and adult education programs and, although many of the programs focus on students below grade level, all students may receive services, including those in the STEM pipeline. Senator Blevins asked if the center's Website is only accessible to teachers or if it is available for parents and students as well. Dr. Fleming replied that the Website has sections for parents, students and teachers; and provided the Uniform Resource Locator (URL), www.kymathematics.org.

Representative Collins said it is his belief that technology, such as calculators, have impaired a student's ability to think on their own. Dr. Fleming said although technology can be used correctly as a teaching tool, the same technology may also become a crutch if used incorrectly. She said a goal of the intervention program is to get students to use critical thinking skills, although as learning progresses, manipulatives may be used as part of that process. She said Senate Bill 1 certainly addresses the importance of reducing the breadth while increasing the depth of the math curriculum and the associated critical thinking processes. Dr. Fleming said it is extremely important that the implementation of Senate Bill 1 be accompanied by very good professional development programs. Ms. Jewell said the professional development provided by KCM far exceeded any training she received in her more than 35 years teaching experience. She said one of the focuses of the professional development relates to using mental math strategies, which

some teachers have had to learn themselves before putting the practices in the classroom.

Senator Givens asked if there are other things being done on the national level that need to be implemented in Kentucky and if Kentucky is implementing programs that are receiving positive recognition at the national level. Dr. Fleming said House Bill 93 creating the center and its related funds and programs was visionary and Kentucky's work in mathematics education is nationally recognized and the professional development resembles effective models being used nationally and internationally. She said that the implementation of Senate Bill 1 also ties into the national curriculum movement of increasing depth and decreasing breadth and if Kentucky's professional development is implemented correctly a profound difference will be realized in mathematics achievement. Senator Givens asked Dr. Fleming if she could foresee any obstacles to effective implementation of Senate Bill 1 to which Dr. Fleming replied that sufficient funding of professional development is crucial and professional development needs to be based on proven, effective techniques.

Representative Webb-Edgington asked if students who are considered average or at grade level also benefit from the center's programs by encouraging that population to pursue the STEM pipeline. Dr. Fleming said that the only direct impact with that population group is the math coaches at the high school level, although it is not a major focus of KCM programs. She said the center is seeking more federal funds to reach more students and that the Center for Integrated Natural Science and Mathematics also provides services affecting that student population.

Representative Edmonds said the next presenters would discuss how Northern Kentucky University is working to promote and strengthen educational partnerships with local schools in the surrounding communities. He asked Dr. Daniel Curtin, Interim Director, Center for Integrative Natural Science and Mathematics (CINSAM), and Dr. Suzanne Soled, Chair, Teacher Education, Northern Kentucky University, to give their presentations.

Dr. Curtin said that he has been a mathematics professor at NKU for 31 years and is serving as interim director of CINSAM. He introduced Betty

Stevens, the outreach coordinator for CINSAM, and Rita Hart, the founder and director of CINSAM's southern outreach program. Dr. Curtin said that although CINSAM is involved in the STEM disciplines in many ways, he would only be discussing the outreach program used to enhance the teaching, learning, and application of science and mathematics throughout the P-12 system. He said the outreach program had over 1,000 P-12 teacher contacts and almost 10,000 student contacts during the last school year and NKU faculty, students, and pre-service teachers and community partners all participate in outreach activities. He said CINSAM provides P-12 teacher-university alliances in the various STEM disciplines and early childhood education and each of the alliances is chaired by a university faculty member and an area school teacher who work collaboratively to provide professional development workshops in areas such as forensic science and writing in science and mathematics classrooms. CINSAM staff has also given presentations at various state and national conferences outside the regional area, such as Louisville, Boston, and other locations. Dr. Curtin said all work done by CINSAM is geared toward ensuring student success in P-12 grades and includes activities, such as a middle school mathematics day, engineer career day, half and full days camps involved in STEM disciplines, and related activities. CINSAM also plans to partner with several local schools in November to develop a mathematics pilot program to assist schools in interpreting the school's needs that will lead to improvement in student learning and achievement in mathematics. He said a similar program already exists in the southern school districts of the region, which include Augusta Independent, Bracken County, Pendleton County, Grant County, Williamstown Independent, and Gallatin County, in which CINSAM staff work with the districts' fourth through eighth grade teachers on best practices to engage students in active learning of science. He said data from five participating schools that have participated in the project for five years have shown a steady increase in their Commonwealth Accountability and Testing System test scores in the STEM areas.

Dr. Soled discussed NKU's educational outreach programs. She said the Early Childhood Education programs enhance vocabulary and

other skills in young children and is an important part of the university's Vision 2015 10-year strategic plan to enable the northern Kentucky area to be competitive in a global, knowledge-based economy. She said that in addition to university faculty, university students are also involved in the early children education initiative. Dr. Soled said NKU has received a community university partnership grant and a literacy academy grant to provide tuition and books for community child care workers to enable them to further their education. She said that CINSAM and Early Childhood Education have also formed an alliance to educate teachers in integrated math and science and currently 10,000 students and several hundred teachers participate. Dr. Soled said that NKU was approved for a Doctorate in Educational Leadership program, with 35 candidates currently enrolled, designed to address the need for educational leaders in the Northern Kentucky area. The program features training and experience in civic engagement using a cohort model of educational leaders from P-12, higher education, and community education settings. She said NKU's Center for Environmental Education also provides professional development through graduate courses, in-service and pre-service teacher training in environmental education curricula, and related activities; P-12 outreach activities, such as environmental day camps and green and healthy schools information; community involvement through Earth Day, Reforest Northern Kentucky, and other initiatives; and various other services for children, educators, and parents to meet children's needs at home and school.

Senator Westwood asked if the same services and courses are being provided at area technology centers or vocational schools. Ms. Stevens, CINSAM's outreach coordinator, said that seminars are held in various locations but are not directly provided in the area technical schools. Senator Westwood said that providing program services to the technical schools is important since technical schools are often training avenues for local businesses and Ms. Stevens offered to research the matter.

Senator Givens asked if agricultural sciences initiatives and classes are also being offered in the P-12 initiative to which Dr. Soled replied that currently agricultural is not included. Senator Givens suggested that agri-

cultural science initiatives need to be included, given the rural nature of many Kentucky communities.

Representative Edmonds said that the next meeting of the committee would be held in Frankfort on Monday, October 12. There being no further business to discuss, the meeting adjourned at 11:30 AM.

SPECIAL SUBCOMMITTEE ON ENERGY

Minutes of the 2nd Meeting of the 2009 Interim July 17, 2009

The 2nd meeting of the Special Subcommittee on Energy was held on Friday, July 17, 2009, at 10:00 AM, in Room 131 of the Capitol Annex. Senator Brandon Smith, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Brandon Smith, Co-Chair; Senators David E. Boswell, Dorsey Ridley, Katie Kratz Stine, Robert Stivers II, and Gary Tapp; Representatives Royce W. Adams, Eddie Ballard, Dwight D. Butler, Jim Gooch Jr., Harry Moberly Jr., Rick G. Nelson, Fred Nesler, Sannie Overly, Tanya Pullin, Tom Riner, Fitz Steele, and Brent Yonts.

Guests: Jeff Derouen, Executive Director, Public Service Commission, David Samford, Deputy Director, Public Service Commission, Stephanie Bell, Legislative Liaison, Public Service Commission, Wayne Miller, Director of Financial Affairs, Public Service Commission, Reggie Chaney, Director of Engineering, Public Service Commission, Jenny Smith, Director of Consumer Affairs, Public Service Commission, Helen Helton, Public Service Commission, Andrew Melnykovich, Public Affairs, Public Service Commission, Linda Faulkner, Public Service Commission, and Charlie Borders, Commissioner, Public Service Commission; Dr. Len Peters, Secretary, Energy and Environment Cabinet; Lea Masson from France and Morius Buechi from Switzerland.

LRC Staff: Taylor Moore; Susan Spoonamore and Kelly Blevins, Committee Assistants.

The June 19, 2009 minutes were approved, without objection, by voice vote upon motion made by Rep. Jim Gooch and seconded by Rep. Royce Adams.

Chairman Smith introduced Jeff Derouen of the Kentucky Public Service Commission. Mr. Derouen gave a status update on the review of utility performance during the catastrophic

power outages that occurred following Hurricane Ike last September and the ice storm this past January. He noted that there are 14 electric providers in the hardest-hit areas, but only four of them are under PSC jurisdiction.

Mr. Derouen stated that the ice storm created the most extensive power outage in the history of Kentucky. Earlier this year, inquiries were sent to utilities, county judges, and mayors. The PSC has received responses for the majority of the affected utilities, and from 118 elected officials. He pointed out that the state replaced 10,066 poles carrying 381 miles of line; enough to stretch from one end of Kentucky to the other. Mr. Derouen said that the PSC is still analyzing data and that a final report will be completed in early fall.

Mr. Derouen stated that a summary of the base rate cases completed by the PSC since the beginning of last year include: 26 electric cases; 4 gas cases; 25 water cases, and 9 sewer cases.

He said that the PSC has had several inquiries regarding the fuel adjustment clause (FAC) and the purchased gas adjustment (PGA). He explained that the FAC is the mechanism used to adjust rates based on fluctuations in the cost of fuel, primarily coal. The PGA is the mechanism used by gas utilities to pass through the price swings in wholesale natural gas. The size of the fuel adjustments varies a great deal from one utility to another. He emphasized that if there is a federal mandate to limit carbon emissions from coal-burning power plants, the prices of the past will seem mild.

In conclusion, Mr. Derouen stated that the PSC is sharing staff expertise within state government, and is involved in national policy discussions. PSC Chairman Armstrong was appointed to the National Association of Utility Regulatory Commissioners Board of Directors.

Rep. Gooch asked whether, if all the nation's renewable power were totaled up, it would only power four states the size of Kentucky.

Mr. Derouen stated that it would be four states comparable to Kentucky.

Rep. Gooch asked if the PSC would be able to tell if the investor-owned utilities were better able to respond to the disasters than distributors for rural cooperatives.

Mr. Derouen said that the PSC does plan to review all of the utilities

and those findings will be in the final report.

Rep. Pullin stated that the Interstate Renewable Energy Compact Commission changed Kentucky's grade, as a result of the net-metering legislation, from a D to a B.

Rep. Moberly asked for the status on the federal legislation.

Mr. Derouen stated that it had passed the U.S. House and was now in the U.S. Senate.

Rep. Moberly asked if the predictions made by the PSC, affecting Kentucky, were based on the provisions of the federal House Bill.

Mr. Derouen stated that it is hard to estimate how much the prices of coal and electricity would increase since the information is constantly changing.

Rep. Moberly asked where the date 2012 came from.

Mr. Derouen stated the 2012 date is based on the Markey-Waxman bill regarding carbon constraints.

Rep. Moberly asked if current utilities would be grandfathered in and whether Kentucky would receive a certain number of credits.

Mr. Samford stated that there are a couple of variables under consideration and it is still being debated.

Rep. Moberly stated that he was under the impression that there would be several credits given to existing utilities.

Mr. Derouen stated that the Market-Waxman bill does not give enough free credits in the beginning phase, and there will be some impact.

Rep. Moberly asked if the constraints would be phased in over a period of time.

Mr. Derouen stated that would be correct and the free credits are phased out.

Rep. Moberly stated that other uses for carbon such as phototropic algae must be found. He asked if that was being considered.

Mr. Derouen stated that they are working on that. The commercial scale-viability is important.

Sen. Stivers asked if 2012 was the current target date in the Markey-Waxman bill.

Mr. Derouen stated that changes will not be seen before 2012. It will not all come at once and there is still discussion between utilities in what it would mean in real dollars.

Sen. Stivers asked about the increase in utility rates for the average family when this takes effect.

Mr. Samford stated that the

highest would probably be 60% and the lowest is 15%. It will probably be in the 20% to 35% range, but will vary significantly from utility to utility.

Sen. Stivers asked what type of impact the Markey-Waxman bill would have on the AK Steel's of the world; to the Ford plant in Louisville; the Toyota plant in Georgetown and the GM plant in Bowling Green, and whether there has been any type of study as to what impact that will have on those groups of consumers and the potential for job loss if the rates go up.

Mr. Samson stated that the utilities are doing analysis on a continuing basis to see what the total revenue impact will be to them and how that will play out in the rate design. There is no doubt that it will erode Kentucky's competitive advantage when it comes to electric rates. Any state that has coal will see their rates increase. Kentucky has a strong reliance upon coal for power generation so the impact on Kentucky will be disproportionate. Rates will go up.

Mr. Derouen stated that Kentucky ranks 48th out of 51 in average utility rates. In emissions from utility plants Kentucky is ranked 7th. If all emissions are included, then Kentucky is 13th.

Sen. Stivers stated that he would like to know what the impact would be, under the Markey-Waxman bill, to large employers who rely on cheap energy. He asked if the PSC had the capability to do that or could they work with the industries or staff to find out.

Mr. Derouen stated that they would need industry input to provide that information, and will address the issue with them.

Sen. Smith asked that the PSC work with committee staff in order to get that information to each member.

Sen. Stine stated that the Economic Development Cabinet should be able to provide a list of who those entities are.

Rep. Gooch asked if the 15% to 60% figures, discussed earlier, were for Kentucky, and if so, how they will affect Kentucky.

Mr. Derouen stated that those quotes were the national average. He said that Kentucky will have a much higher percentage.

Chairman Smith stated that Kentucky will be hit the hardest. The rate distribution is a large concern.

Rep. Moberly stated that Ken-

tucky is aware of the changes coming and has invested heavily in working on carbon management. This crisis presents an opportunity for Kentucky to be the leader in carbon management and finding uses for carbon.

Sen. Stine stated that the Kentucky Department of Agriculture should also be involved in this.

A Resolution urging all entities across the state and the country to interact with each other on carbon management and uses for carbon was approved, without objection, by voice vote, upon motion made by Sen. Boswell and seconded by Sen. Ridley. Sen. Boswell asked that this Resolution be presented to the General Assembly upon convening in January, 2010.

Sen. Ridley announced that the University of Kentucky's Center for Applied Energy Research would have a carbon symposium on Aug. 12 and 13 in regards to a pilot algae research program that is being done in conjunction with the City of Henderson and their Station 2 power plant.

Chairman Smith introduced Dr. Len Peters, Secretary of the Energy and Environment Cabinet. Dr. Peters explained the reorganization of the Cabinet under Executive Order No. 2009-0538. He said that the bill to approve the reorganization made it through both chambers during the 2009 Session, but time ran out on getting final approval. He described some of the changes included in the Executive Order.

Dr. Peters stated that it was important to distinguish the regulatory functions from the non-regulatory side of the Cabinet; namely, the Department for Energy Development and Independence. The reorganization to Energy and Environment Cabinet enables new focus on the mission of improving the quality of life.

The new structure allows the cabinet to more effectively implement legislative mandates. It also allows the cabinet to focus attention on research, development and demonstration of technologies using Kentucky's natural resources, including coal, in a carbon constrained world. Dr. Peters outlined the many ways in which the new structure would facilitate work flow, increase cooperation between agencies, and improve outcomes.

Dr. Peters denied that the Department of Natural Resources received increased funding for mine permitting. For the fiscal year 2009, personnel decreased by 19. These reductions total \$1.3 million which re-

sulted in an equal loss of \$1.3 million in federal matching dollars. The General Assembly did provide additional funds for doubling mine inspections and the Cabinet is on schedule to meet that mandate. The secretary said that the cabinet recognizes that the delays in permitting affect coal production – they take this issue seriously but reduced funding and staffing have hindered efforts.

Chairman Smith stated that efforts were made during the last session to provide funding to alleviate loss of personnel.

Rep. Yonts asked for the timeline to process a coal permit.

Secretary Peters stated that it depended on the individual permit. Many times the permit is submitted and technical problems are found which means it goes back for review. He said the average is 6 months with a lot of variation.

Rep. Yonts asked how many permits were backlogged and how many reviewers the Department has.

Secretary Peters said that the Department was seeing a reduction in delinquent mine permits.

Carl Campbell, Commissioner of Department of Natural Resources, stated that there are 157 applications backlogged in the Division of Permits. He said that 47 of those were slurry applications due to the Martin County slurry problem. Eleven people are being hired in the Division of Permits. People are being moved from other divisions to the Division of Permits to help get through the backlog.

Rep. Yonts asked how soon the 157 permits will be processed.

Mr. Campbell stated that most of the reviewers have 30 or 40 permit applications each and continue to get more daily. More personnel are needed.

Rep. Yonts asked about the length of the backlog.

Mr. Campbell said that the statute is 65 days.

Rep. Yonts stated that after 65 days the division would be delinquent.

Mr. Campbell stated that was correct.

Sen. Boswell asked about the amount of the stimulus funds received by the Cabinet and how they are being applied.

Secretary Peters stated he has a list that he will provide to the committee, but he gave examples. Sen. Stine stated that it is important to get the permits approved. Maybe the Department needs to work overtime

to get these processed.

Secretary Peters stated that the Cabinet does not have the money to pay for overtime. The budget is a fixed amount. Individuals out of other units to help with processing the permits.

Sen. Smith stated the number of mining companies has decreased and it is hard to understand why these permits cannot get processed more quickly.

Secretary Peters stated that he fully understands the frustration. Permits today are much more complex than they were several years ago.

Rep. Steele stated he has learned that it is important to have all the information regarding the permit before calling to check on the status of a permit.

Secretary Peters stated that they have great employees, but the loss of highly experienced personnel last year, due to retirement, has been a major factor in how the process works.

Sen. Boswell asked what other agencies were involved in finalizing the permits.

Mr. Campbell stated that the Department works closely with the national Office of Surface Mining, U.S. Fish Wildlife, Kentucky Fish and Wildlife, Division of Water, and Division of Environmental Protection. The Corp. of Engineers and Region 4 of the U.S. Environmental Protection Agency are also involved.

In addressing previous comments, he said that the Department meets every Monday and Friday to look at deficiencies and to find ways to expedite the permitting process.

Sen. Boswell asked if the other agencies involved in the permitting process were expeditiously doing their job.

Mr. Campbell stated that the Department has no control whatsoever on how federal agencies handle their processes.

Chairman Smith stated he heard that Fees in Lieu of (FLO) money was being used to purchase property in two non-coal producing counties. He is familiar with the language in the Bill and does not recall that the money could be spent for purchasing property, nor could it be used out of the watershed area from where the coal is extracted. He asked that the Cabinet and LRC Energy staff review the language in the Bill and find out more about how the FLO money is being spent.

Secretary Peters stated that they would look into the issue and communicate with staff.

Rep. Gooch asked if the Reorganization Plan discussed today needed to be brought before the Natural Resources Committee.

Sen. Smith stated that it was his understanding that the Cabinet only had to do testimony.

Rep. Steele stated that he would like to have a total for FLO projects that have been done in the past year and for future projects. Rep. Steele wants to be prepared for constituent questions about the Section 404 – Clean Water Act money.

Sen. Smith asked staff to obtain information to be shared with all legislators from coal producing counties.

Meeting adjourned.

SPECIAL SUBCOMMITTEE ON ENERGY

**Minutes of the 3rd Meeting
of the 2009 Interim
August 27, 2009**

The 3rd meeting of the Special Subcommittee on Energy was held on Thursday, August 27, 2009, at 9:30 AM, at the Jenny Wiley State Park, Prestonsburg, Kentucky. Representative Keith Hall, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Brandon Smith, Co-Chair; Representative Keith Hall, Co-Chair; Senators Tom Jensen, Ray S. Jones II, Dorsey Ridley, Gary Tapp, and Johnny Ray Turner; Representatives Royce W. Adams, Rocky Adkins, Eddie Ballard, Dwight D. Butler, Leslie Combs, Tim Couch, Jim Gooch Jr., Thomas Kerr, Fred Nesler, Tom Riner, and Fitz Steele.

Guests: Charles Baird, Action Now; Dr. Karen Alexy, Tina Brummage, and Darin Moore, Kentucky Department of Fish and Wildlife; and Brandon Nuttall, Energy and Minerals, Kentucky Geological Society.

LRC Staff: Tanya Monsanto, Stefan Kasacavage, D. Todd Littlefield, Taylor Moore; Susan Spoonamore and Kelly Blevins, Committee Assistants.

A joint meeting was held with the Interim Joint Committee on Natural Resources and Environment. Sen. Jensen called the meeting to order, and Rep. Keith Hall asked the secretary to call the roll for members of the Special Subcommittee on Energy.

The July 17, 2009 minutes for the Special Subcommittee on Energy

were approved, without objection, by voice vote, upon motion made by Rep. Fitz Steele and seconded by Rep. Fred Nesler.

Rep. Hall recognized Mr. Jim Baird who spoke on behalf of Action Now, an organization that promotes coal education and policy issues. Mr. Baird discussed the relationship of coal to cheaper energy in Kentucky. There is an effort to redistribute the cost of energy across the nation. Coal miners can earn \$60,000 to \$100,000 per year and this helps the coal mining region of the state. Mr. Baird also discussed mine safety issues. He stated that compared to other industries, coal mining has fewer deaths. Coal mining is safer than other noncoal industries but the risks are overly dramatized in the press. Then Mr. Baird discussed problems with obtaining mining permits. He said that Commissioner Campbell is doing a good job but there are still too few employees in the permit section. The industry has agreed that it is good to raise fees, but everyone must ensure that the additional cost is devoted to paying permit reviewers. Finally, Mr. Baird discussed the number of inspections in the coal industry. This places an undue burden on the mines. Related to that issue is the mine rescue teams, which Mr. Baird described as the best in the nation, but the training requirements for those teams could be augmented to better serve both training and inspection requirements.

Rep. Hall interjected that Kentucky's mine safety teams are made up of state employees but inquired as to what happened with the legislation that has placed these teams in jeopardy. Mr. Baird followed stating that Kentucky offered an amendment to the legislation which allowed the state teams to qualify for the training requirements. However the amendment was blocked and the intent, Mr. Baird concluded, was to eliminate some small operators which represent some 64% of the mines in the state.

Rep. Hall concurred and asked about the plan for mine safety. Mr. Baird stated that the industry is looking at rehire retirees as mine safety rescue personnel and finding funding for them. However there is a problem of double inspections between the state and federal level.

Sen. Jones stated that the double inspections have led to some operators going out of business. Mr. Baird explained that not everyone on

staff is a miner; some are mine emergency technicians (METS). Then Mr. Baird discussed climate change and the impact of cap and trade on the economy. He recommended that staff study cap and trade, evaluate its impact on the Kentucky economy, evaluate the Office of Mine Safety and Licensing, and sit down with industry to figure out how to make the state better.

Sen. Jensen stated that there may be legislation to address these issues in January. Rep. Gooch stated that he wanted to review the mine safety laws and to know exactly what is involved with a general inspection.

Then Sen. Jensen introduced Darin Moore and Dr. Karen Alexy to discuss a study conducted pursuant to House Joint Resolution 130. This study examined ways to reduce vehicle collisions with deer. The department spent a year working with the Transportation Cabinet and made a series of recommendations.

Dr. Alexy provided a quick summary of the study's highlights. The deer population has stabilized in part from thinning the herds by hunters. Deer-vehicle collisions have been reduced probably due in part to the herd reductions. The department created zones for intensifying deer population reduction. To date, the department is conducting public meetings to get the public involved in managing the problem. The message is that when deer are active in the fall, drivers must be more vigilant. The department investigated counter measures such as deer crossings, plantings on roadsides, fertilizers as deer repellent, and fencing. None of those measures had good success; now the department is looking at allowing bow hunting near highways.

Rep. Collins mentioned the regulations on the agenda pertaining to elk permits. Mr. Darin Moore commented that there is an elk depredation hunt. The hunt will be expanded and the permits will be drawn from the elk zone residents only. The hunt will begin in 2010.

Rep. Couch asked about the procedures for the deer draw and whether it should mirror those for the elk depredation hunt. Dr. Alexy replied that there are differences between the two hunts. The department had evaluated different systems such as preference points. Even if implemented the chances of getting drawn remain very low. The department was concerned that expectations

would be soured towards hunting in Kentucky because the odds of being drawn would change for the worse.

Rep. Couch commented that paralleling the two systems would be better. Dr. Alexy responded that the department was examining bonus points and other ways to improve the odds and help local hunters. The department was also looking at re-entry restrictions after having been drawn.

Rep. Riner asked if the department was taking measures to stimulate interest in hunting from populations in urban areas where there is no history of hunting. Dr. Alexy replied yes.

Sen. Jensen asked members of the Kentucky Geological Survey (KGS) to give a brief update on Senate Joint Resolution 67. Brandon Nuttall with KGS discussed a well site in Hancock County where CO2 was successfully injected into the well. It was presently shut in while KGS applies to the Department of Energy to further test the well and request more funding. He also stated that work continues on SJR 67 to assess state-owned lands for oil and gas. The GAPS system is in good shape and he noted they are trying to integrate the data and finish the report by December.

Sen. Jensen asked if the test in Hancock County was carbon sequestration. Mr. Nuttall replied yes. Rep. Adkins mentioned that the sequestration test was required by a part of House Bill 1. The General Assembly contributed \$1.5 million to the \$8.3 million dollar project total. He then asked Mr. Nuttall if KGS did another test in Hopkins County. Mr. Nuttall replied yes, it was at Sugar Creek Field in Hopkins County. They injected water first to demonstrate that the field would take fluids. It went into the Knox formation. They then injected 323 tons of CO2 at 4 barrels per minute. Rep. Akins followed that this is cutting edge research and asked when KGS will conduct east Kentucky projects. Mr. Nuttall replied that they are seeking funding from United States Department of Energy and then they will drill a well. He noted there will be a Devonian shale test and the results will be published in September.

Rep. Gooch commended KGS and asked Deputy Secretary Hank List to comment. Secretary List stated that mining issues could be addressed by putting together a working group comprised of leaders in the coal industry and the cabinet. He also

agreed that Kentucky's mine rescue teams are the best in the nation and that policy needs to be continued.

Rep. Webb addressed the committee stating that it was her last meeting as a representative after being elected to the Senate. She addressed the difficulties of the election and commented on the importance of having served on the Natural Resources and Environment committee.

There being no further business the committee adjourned to tour a local coal mining site.

INTERIM JOINT COMMITTEE ON HEALTH AND WELFARE Subcommittee on Families and Children

**Minutes of the 1st Meeting
of the 2009 Interim
August 12, 2009**

The 1st meeting of the Subcommittee on Families and Children of the Interim Joint Committee on Health and Welfare was held on Wednesday, August 12, 2009, at 10:00 a.m., at Norton Hospital, in the Norton Health Care Auditorium in Louisville, Kentucky. Representative Tom Burch, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Katie Kratz Stine, Co-Chair; Representative Tom Burch, Co-Chair; Senators Tom Buford, Perry B. Clark, and Joey Pendleton; Representatives Jim Glenn, and Brent Housman.

Guests: Karen Hinkle and Karen Wells for the Kentucky Home Health Association; LouAnn Epperson for Prevent Blindness Kentucky; Marilyn Schleyer and Ben Martz for Northern Kentucky University; Tim Corrigan and Riggs Lewis for the Rotunda Group; Rachel Phelps for Norton Hospital/Government Strategies; Tom Kmetz for Norton Hospital/Kosair Children's Hospital; Sarah Nicholson for the Kentucky Hospital Association; Shane O'Donnley for the Cabinet for Health and Family Services; Linda Austin for Senate Minority Leadership/LRC; Ellen Kershaw for the Alzheimer's Association; Eric Clark for the Kentucky Association of Health Care Facilities; Sheila Schuster for Advocacy Action Network; and Molly Dobson for KIPDA.

LRC Staff: Ben Payne, Mike Bossick, Amanda Dunn, DeeAnn Mansfield, and Cindy Smith.

The first item on the agenda was an overview and update on Kosair Children's Hospital from Thomas D.

Kmetz, President of Kosair Children's Hospital. The subcommittee learned that Kosair has a proud 117 year history and it is the only free-standing Children's Hospital in the state and that it is the regional pediatric teaching hospital. Kosair has 1,500 employees and operates 261 hospital beds while annually facilitating 45,000 ER visits, 50,000 outpatient visits, and 11,000 surgeries. Kosair has a strong and wide presence throughout the Commonwealth evidenced by a clinical presence in every county and by providing services to more than 100,000 individuals from all 120 counties.

The members also learned that Kosair is one of the state's largest Medicaid providers, serving more than 107,000 children through Medicaid and Passport. Kosair serves over 1,000 families each year through the Just for Kids transport, which is a fixed wing airplane used to transport children in need of trauma care. The children's hospital also operates a telemedicine network and is linked to 20 hospitals throughout the state. Their telemedicine focus is cardiology, neonatology, pulmonary, genetics, and gastroenterology. Kosair focuses on child advocacy through child passenger seat inspections and programs dealing with pediatric obesity, asthma, and childhood diabetes. Kosair also proudly operates the Kentucky Regional Poison Center, which receives calls from more than 70,000 families from all 120 Kentucky counties annually. Kosair is currently focused on the "Just for Kids" Growth Campaign, which is a \$208 million growth initiative to ensure Kosair remains a premier children's hospital. Kosair informed the subcommittee that it has identified key components that are needed to successfully operate a children's hospital. The key components that Kosair is endeavoring to address are; sustaining the physician workforce, achieving outstanding facilities, promoting academic programs and affiliations, creating clinical care infrastructure, and fostering participation in research.

Representative Glenn asked what drives the high need for care in the winter. Mr. Kmetz said it is mainly from the increase in the flu and respiratory issues. This is due to the fact that kids are more concentrated together inside during the winter, the result is more sickness.

Representative Glenn asked if the hospital is ready for the swine flu

if it becomes a problem. Mr. Kmetz said that currently there are several task forces working on the issue to get ready for the swine flu if it becomes a problem.

Representative Glenn asked what the common need seems to be when it comes to recruiting doctors. Mr. Kmetz said that is a challenging issue. He said that tort reform would go a long way in helping with recruitment. Also, higher Medicaid reimbursement would help with pediatrics. He also noted that recruitment of sub-specialists is a huge issue.

Senator Stine asked where the pediatric cardiology clinics are located. Kyle Green of Kosair Children's Hospital said they are in Ashland, Corbin, Paducah, Owensboro, Bowling Green, Fulton, and other areas across the state. Senator Stine asked if there is one in Northern Kentucky. Mr. Green said there is not a site currently in Northern Kentucky, but he would be happy to look into it.

Senator Stine asked if the poison center phone line operates across Kentucky. Mr. Kmetz said that it is a toll free line that operates from all areas of Kentucky.

Senator Stine asked if there are any current physical activity initiatives. Mr. Kmetz said the School of Medicine is currently working with pediatrics on this issue. They have initiated an obesity clinic with prescribed treatment plans to help individuals overcome their obesity. It is funded by Passport and Kosair. There are also talks going on with other groups to coordinate efforts to do a better job with research and coordination of activities.

Mary Michael Corbett of Kosair Children's Hospital also added that a website is being developed that will address critical issues important to Kentucky. Obesity is one of those issues. She noted that the hospital supports obesity initiatives.

Representative Burch asked if Kosair owns the baby buggy plane. Mr. Kmetz said they are in a lease agreement for the plane's usage.

Representative Burch asked how long it takes to get the plane out once a call has been received for aid. Mr. Kmetz said from receipt of a call to the plane's departure is no more than 45 minutes.

Representative Burch asked what the transport cost is. Mr. Kmetz said air transport is about \$11,000.

Representative Housman asked about physician workforce challenges and asked for recommendations to

be provided to the General Assembly about what can be done. Mr. Kmetz said they have completed a position paper on access to physicians and he will see that it gets to the members. They are also coordinating with other hospitals to develop regional strategies. He said they are open to exploring many different options at Kosair.

Senator Clark asked about the recent expansion at the University of Kentucky and asked if that will result in too much competition between UK and Kosair. Mr. Kmetz said that Kentucky needs to be careful because certain doctors and specialists are very hard to come by and it would be difficult to get specialists in all areas at both hospitals. He noted that there is currently good dialogue between Kosair and UK.

The last item on the agenda was a presentation about Pediatric Telenursing, presented by Dr. Marilyn Schleyer, Chair of Advanced Nursing Studies at Northern Kentucky University and Dr. Ben Martz, Chair of the Business Informatics Department at Northern Kentucky University (NKU). The presenters discussed the issue and challenges of telenursing services in the Commonwealth and presented the subcommittee with possible solutions regarding the delivery of telenursing services involving NKU as a resource.

The presenters explained that discussions at NKU regarding the growing need for home health visits regarding pediatrics was spurred by the June meeting of the Interim Joint Committee on Health and Welfare held at NKU. Discussions focused on identifying ways to expand the capabilities of the health care system to allow more home health visits was a central point. NKU believes that it can utilize their Masters in Health Informatics and Masters in Nursing programs to help provide a solution to telemedicine in Kentucky. NKU believes that through information systems technology and the utilization of qualified nursing students that telenursing can be successfully accomplished by qualified nursing students being engaged to provide the hands on part of a home health care visit while Registered Nurses and Nurse Practitioner's continue to supply the advanced practice part of the visit. NKU proposes a pilot telemedicine implementation that will save money, save time, train better nurses, visit more patients, and improve patient recovery. NKU is looking to partner with an entity

to develop and implement a pilot telenursing program.

Representative Glenn asked how telemedicine is being used. Dr. Martz said that graduate nursing students are doing visits with the patients through web cams and laptops. There is a hands on approach by the nursing students with a registered nurse as a remote back up.

Mr. Kmetz added that they have met with the Cabinet and the issue has been resolved and they are satisfied. Commissioner Johnson and Ms. Banahan revisited the EPSDT regulations and access will be opened up to additional home care agencies. Also, the Certificate of Need process helped the Home of the Innocents expand.

Representative Burch asked if there was a program set up to train nurses. Dr. Schleyer said at NKU is currently ready for nurse training.

The meeting was adjourned at 11:10 a.m.

INTERIM JOINT COMMITTEE ON HEALTH AND WELFARE Minutes of the 2nd Meeting of the 2009 Interim September 16, 2009

The 2nd meeting of the Interim Joint Committee on Health and Welfare was held on Wednesday, September 16, 2009, at 1:00 p.m., in Room 129 of the Capitol Annex. Representative Tom Burch, Chair, called the meeting to order at 1:10 p.m., and the secretary called the roll.

Present were:

Members: Senator Julie Denton, Co-Chair; Representative Tom Burch, Co-Chair; Senators Perry B. Clark, Alice Forgy Kerr, Joey Pendleton, Katie Kratz Stine, and Jack Westwood; Representatives Scott W. Brinkman, John "Bam" Carney, Jim Glenn, Joni L. Jenkins, Mary Lou Marzian, Reginald Meeks, Tim Moore, Darryl T. Owens, David Watkins, Susan Westrom, and Addia Wuchner.

Guests: Frederic S. Goldstein, President, U.S. Preventive Medicine, Inc.; Andrew Bernard, M.D., Chair, Department of Surgery, University of Kentucky College of Medicine, and member of the Kentucky Trauma Care Advisory Committee; Julia Carter, PhD, President, Wood Hudson Cancer Research Laboratory; Judy Knueven, BSN, M.S.N., CNS, and Kathy Mueller, RN, BSN, MBA, Wood Hudson Board of Trustees; Larry Douglass, MD, Director of Pathology, Wood Hudson Cancer Research Laboratory; Teri Shirk, CEO and President, and Ellen Kershaw,

Public Policy, Alzheimer's Association - Greater Kentucky & Southern Indiana Chapter; Steve Olding, Co-Chair, Kentucky Advisory Council on Alzheimer's Disease and Related Dementias; Cheryl Sipes, Alzheimer's Association; Beth Jurek, Executive Director, Office of Policy and Budget, and Murray Wood, Legislative Liaison, Cabinet for Health and Family Services; Eric T. Clark, Kentucky Association of Health Care Facilities; Karen Lentz, Johnson & Johnson; Blarr Schroeder, Cincinnati Children's Hospital; Jan Gould, Kentucky Retail Federation; Sarah S. Nicholson, Kentucky Hospital Association; Prentice Harvey, Norton Healthcare; and Sean N. Cutter, McBrayer, McGinnis, Leslie, and Kirkland.

LRC Staff: DeeAnn Mansfield, CSA; Amanda Dunn, Miriam Fordham, Ben Payne, Gina Rigsby, and Jonathan Scott.

A motion to approve the minutes of the August 12, 2009 meeting was made by Senator Pendleton, seconded by Representative Meeks, and approved by voice vote.

Senator Stine, Co-Chair, Families and Children Subcommittee, reported the subcommittee met that morning and heard a presentation from Anita Jennings from the Cabinet for Health and Family Services regarding the SIAC and RIAC programs. These programs are State and Regional Interagency Councils that provide services to children with an emotional disability. The programs have been in existence for 20 years and utilize \$30 million in system-of-care grants that benefit agencies and citizens across the Commonwealth. SIAC makes annual recommendations to the Legislative Research Commission and the Governor concerning how it is serving the youth of Kentucky. The State Fiscal Year 2010 recommendations involve new public health approaches, suicide prevention, and the transition age of youth. Ms. Jennings said that anyone in need of suicide prevention services can access the website www.kentuckysuicideprevention.org or the toll free number at 1-800-273-TALK.

Michelle Blevins stated the Kentucky Impact Program started in 1990 as a grant from the Robert Wood Johnson Foundation. The program utilizes wraparound services for children, youth, and families to identify and coordinate services and supports for children and youth involved in multiple child serving entities and who have a severe emotional

disability. Kentucky Impact serves 6,000 children and youths representing all 120 Kentucky counties. Anthony Bixler and Brandon Lane, two individuals who have received Kentucky Impact services, gave accounts of their positive experiences with the program and said that the program had benefitted them a great deal. Also, a Kentucky Impact case worker, Sed Williams, testified and described how children and youth are referred into the program and how the program works closely with school systems.

The subcommittee also received a presentation on the American Reinvestment and Recovery Act (ARRA) and, specifically, how it has benefitted programs operated by the Cabinet for Health and Family Services that serve Kentucky families. Beth Jurek, Executive Director of the Office of Policy and Budget within the cabinet, told the subcommittee the stimulus funds are not recurring funds and that most of the ARRA funding must be completely spent by December 30, 2010. Ms. Jurek relayed to the subcommittee that the Kentucky Department for Behavioral Health, Developmental and Intellectual Disabilities, the Commission for Children with Special Health Care Needs, the Department for Family Resource and Youth Services Centers, and the Office of the Ombudsman were departments and offices not affected by the ARRA and received no funding.

The subcommittee was given a detailed report by Ms. Jurek concerning the departments that did receive ARRA funding; including the Department for Aging and Independent Living, the Department for Community Based Services, the Department for Income Support, the Department for Public Health, the Department for Family Resources and Volunteer Services, and the Department for Medicaid Services. Details were presented showing increased funding for the Senior Community Service Employment program that provided over \$450,000 to Area Agencies on Aging and allowed for subsidized employment for unemployed seniors. Additionally, senior nutrition programs received more than \$1.3 million with over \$1.1 million of that money to be spent in State Fiscal Year 2010.

Ms. Jurek also stated that funding in excess of \$34 million was provided to the Child Care Development Fund and included child care assistance for low-income working

families and child abuse and neglect preventive services. The Community Services Block Grant received nearly \$17 million and funded programs such as food banks and provided for emergency assistance for basic needs. The Foster Care and Adoption Assistance Program received almost \$12 million and funding was provided for the care and support of children removed from parental custody and to restore funding for private child care providers. The SNAP food stamp program received more than \$5 million for additional benefit dollars, additional administrative funds to process the increased applications, and to hire interim workers. The Temporary Assistance for Needy Families (TANF) program will only receive funds if caseloads increase and the program received \$1.3 million for a three-quarter period. The Department for Income Support and the Child Support Division will receive nearly \$29 million for the benefit of children, custodial parents, and local programs. The WIC program will receive approximately \$2.5 million for system enhancements. The First Steps program will receive more than \$5 million for the benefit of improving the outcomes for infants and toddlers up to age three. The immunization grant program will receive \$2.6 million for vaccine assistance and an additional \$2 million dollar grant concerning the H1N1 vaccine. The Department for Family Resources and Volunteer Services will receive over \$400,000 in AmeriCorps funds and nearly an additional \$400,000 for the Corporation for National and Community Service. Finally Ms. Jurek stated that the Kentucky Medicaid Program will receive an estimated \$990 million to handle the increase in applicants for services. A motion to accept the report was made by Senator Pendleton, seconded by Senator Clark, and accepted by voice vote.

A motion to accept Executive Order 2009-770 relating to the establishment of the Governor's Office of Electronic Health Information was made by Representative Marzian, seconded by Senator Clark, and accepted by voice vote. Beth Jurek, Executive Director, Office of Policy and Budget, Cabinet for Health and Family Services, was present for questions.

The following administrative regulation was referred to the committee for consideration: 201 KAR 21:090 & E – establishes a two-year prechiropractic course of instruction

to be completed prior to entry into chiropractic college. Senator Denton asked if the chiropractors were for or against the administrative regulation, and Senator Pendleton stated that the chiropractors were for the regulation at the Administrative Regulation Review Subcommittee meeting. A motion to accept 201 KAR 21:090 & E was made by Senator Pendleton, seconded by Representative Marzian, and accepted by voice vote.

A presentation on prevention in the health care system was given by Frederic S. Goldstein, President, U.S. Preventive Medicine, Inc. Mr. Goldstein stated that the latest mortality statistics from the Centers for Disease Control and Prevention (CDC) show that the U.S. life expectancy reached approximately 78 years and the age-adjusted death rate dropped to 760.3 deaths per 100,000. He said that there are three prevention components for a solution to health care problems: (1) primary – prevent illness; (2) secondary – early detection; and (3) tertiary – chronic condition management. Five unhealthy truths tell the story of the rise of chronic disease and its impact on health and health care in the United States. The first truth is chronic diseases are the number one cause of death and disability in the United States. Chronic diseases kill more than 1.7 million Americans per year and are responsible for 7 out of 10 deaths in the United States. Approximately 133 million Americans, representing 45 percent of the total population, have at least one chronic disease. The second truth is patients with chronic diseases account for 75 percent of the nation's health care spending. The CDC reports that the United States cannot effectively address escalating health care costs without addressing the problem of chronic diseases. For every dollar spent by an employer for health care for a person with chronic disease, the company can expect to spend \$2 to \$3 additional dollars for lost productivity. The third truth is two-thirds of the increase in health care spending is due to increased prevalence of treated chronic disease. The fourth truth is the doubling of obesity between 1987 and today accounts for nearly 30 percent of the rise in health care spending. The number of children and youth who are overweight has tripled since 1980. On November 12, 2008, the New York Times reported a new study finds striking evidence that children who are obese or have

high cholesterol show early warning signs of heart disease. The fifth truth is the vast majority of cases of chronic disease could be better prevented or managed. The CDC estimates that 80 percent of heart disease and stroke, 80 percent of type 2 diabetes, and 40 percent of cancer could be prevented if only Americans would stop smoking, start eating healthy, and get in shape. Management of chronic disease could also be significantly improved. Chronically ill patients receive only 56 percent of the clinically recommended preventive health care services.

According to the CDC, in 2007, 69 percent of adults in Kentucky were overweight or obese and 16 percent of high school students were overweight, based on self-reported height and weight. Eighty-seven percent of high school students and 82 percent of adults in Kentucky consumed fewer than five fruits and vegetables per day. Sixty-nine percent of Kentucky high school students did not attend physical education classes. Fifty-six percent of adults in Kentucky were not engaged in sufficient moderate or vigorous physical activity. The Milken Institute study finds prevention, early detection, and chronic condition management could positively impact the U.S. economy by over \$1 trillion annually. If passed, S-803, The Healthy Workforce Act of 2009 sponsored by Senators Harkin and Cornyn, would give tax credits to employers. It would allow premium differentials for participation, allow premium rebates, allow the use of incentives, implement comprehensive prevention programs for state employees, implement chronic care management for Medicaid, and implement comprehensive prevention for Medicaid. In 2008, the CDC reported that chronic diseases such as heart disease, stroke, cancer, and diabetes were among the most prevalent, costly, and preventable of all health problems. Leading a healthy lifestyle greatly reduces a person's risk for developing chronic disease. Access to high-quality and affordable prevention measures, including screening and appropriate follow-up, are essential steps in saving lives, reducing disability and lowering costs for medical care. The nation needs to evolve from an illness model to a wellness model. With the U.S. health care system changing rapidly, health care plans need to ensure that all Americans have access to affordable, high-quality preventive services. In

2007, 19 percent of adults aged 18-64 in Kentucky reported having no health care coverage.

Senator Stine stated that for the past several years she and Representative Wuchner have prefiled physical activity bill to help stem the childhood obesity epidemic in Kentucky. She said that the youth need to get physical activity. If Kentuckians can stay healthy, it would help control health care costs and save money.

Representative Glenn asked if other states had any youth programs that have been effective targeting obesity. Mr. Goldstein stated that Yale has a program called ABC that has short bursts of activity during class throughout the day. With this program, grades went up, weight was controlled, and there was approximately 44 percent reduction in the use of medicines like Ritalin. Portland has a program called the Walking Bus where seniors walk children to school.

Senator Denton stated that everyone has to change their lifestyle and behavior. Senator Denton stated that you have to spend money to save money when it deals with health care. Mr. Goldstein said that out of a \$1 billion of stimulus money set aside for prevention by the federal Department Health and Human Services, \$650 million will be used for programs that can address the growing incidence of chronic disease.

Representative Carney stated that physical education can help with mental illness. He said that we must find a way to make sure we get physical education and activity back into the classroom on a regular basis. An ounce of prevention is a pound of cure, and we have not been using every tool available for prevention.

Representative Moore asked about the definition of a chronic disease, and whether it is more behavior oriented, choice-based, or congenital in nature. Mr. Goldstein stated a chronic disease is something that an individual will have for life. Representative Moore asked at what point does government have the ability to force changes in choice and should we have a denormalized health insurance premium schedule based on chronic diseases based on personal choice and behavior. Mr. Goldstein stated that is up to each state legislature to decide what is best for the state. There are ways to incentivize behavior that may not necessarily go that far.

Representative Wuchner asked

if there are studies that show a cost savings in lifestyle changes, and Mr. Goldstein said that the Milken Institute has this information.

Representative Burch asked how you can keep food and beverage companies happy at the same time while pushing for lifestyle changes among people. Mr. Goldstein stated that there has been a shift as the population begins to recognize purchasing habits.

A presentation on the Kentucky Trauma Care System and the Kentucky Trauma Care Advisory Committee was given by Dr. Andrew Bernard, General Surgeon, Chair, Department of Surgery, University of Kentucky College of Medicine. Dr. Bernard stated that injury is a major and growing global public health problem. For each death, many more are disabled temporarily or permanently. Injury is the leading cause of death for persons aged 1 through 44 years in Kentucky and the United States. Kentucky's traffic deaths alone exceed 800 annually. The economic cost is substantial. Nationally, lifetime medical cost of injuries occurring in one year estimated \$80.2 billion. Trauma centers are part of a broad integrated public health framework. Injury is predictable and preventable; interventions have been proven to be effective. Research demonstrates that in states or regions with trauma systems odds of injury-related death are 15 to 20 percent lower, quality of care in included facilities is substantially better, formal protocols for prehospital and hospital care can improve patient outcomes, trauma systems are beneficial to public health, motor-vehicle crash (MVC) related mortality rates are 17 percent lower.

Kentucky has trauma system legislation but no funding to enact or implement components. The four major trauma system components are: (1) trauma data system establishment and expansion; performance improvement; (2) education for trauma care providers; (3) trauma center development; and (4) protocol-based injury care for EMS and hospitals. The Kentucky Trauma Advisory Committee (KyTAC) is an all-volunteer group overseen by William Hacker, M.D., Commissioner, Department for Public Health, Cabinet for Health and Family Services. The KyTAC is comprised of health professionals, policymakers and leaders in the trauma care community in Kentucky and by its nature is neither partisan nor affiliated with any particular inter-

est group. This makes the KyTAC an appropriate group to manage the system, initiatives, and its funds. TraumaBase, vended by Clinical Data Management, serves as Kentucky's injury data repository, will combine hospital and EMS data and allow reporting, performance improvement and prevention. Education costs for the Rural Trauma Team Development Course, Trauma Nursing Core Course, and Pre-hospital Life Support is \$60,000. Consultation visits are extramural reviews of all aspects of a trauma center's functions and resources. Consultations occur prior to final "verification" visits and are intended to provide guidance during final stages of preparation to become a trauma center. Verification visits are required before new trauma centers are verified. Level 3 consultation and verification visits cost approximately \$10,000 each and are payable to the American College of Surgeons Committee on Trauma. Level 4 consultation and verification visits are approximately \$2,500 and is anticipated that fees will be payable to KyTAC.

Representative Glenn asked why there was no trauma center in Northern Kentucky. Dr. Bernard stated that trauma patients in Northern Kentucky would be taken to the University of Cincinnati. Representative Glenn asked why there was no trauma center between Paducah and Louisville. Dr. Bernard stated that it relates to resource availability and institutional commitment. A workable system needs to be developed. There are vast underserved and uncovered areas throughout the state.

Representative Carney asked if hospitals contract with private helicopter companies. Dr. Bernard said it varies by hospital. Representative Carney stated that ambulance services will need to be addressed in the future. Dr. Bernard stated that the protocols should be made with the director and medical director of the EMS and representation from the hospital.

A presentation on cancer research at the Wood Hudson Cancer Research Laboratory was given by Julia Carter, PhD, President, Wood Hudson Cancer Research Laboratory; Judy Knueven, BSN, MSN, CNS, and Kathy Mueller, RN, BSN, MBA, Wood Hudson Board of Trustees. The Wood Hudson Cancer Research Laboratory, located in Newport, Kentucky was incorporated in 1981 as the only independent not-for-profit

cancer research institute in the state of Kentucky and is a member of the Association of Independent Research Institutes (AIRI). Wood Hudson approaches the cancer problem in three ways: (1) to study clinical cases to better understand cancer biology and treatment; (2) to study environmental causes of cancer; and (3) to provide training for tomorrow's scientists and physicians. Wood Hudson has the support of the Northern Kentucky Chamber of Commerce and numerous individuals, organizations, businesses, and foundations throughout the Commonwealth. Forty-seven grants have been received from ten Kentucky foundations including nine from the James Graham Brown Foundation.

Wood Hudson has contributed in many areas of cancer research including lung cancer, breast cancer, colon cancer, and prostate cancer. The laboratory houses 780,000 tissue specimens obtained during surgeries performed at St. Elizabeth Medical Center and the St. Luke Hospitals in Northern Kentucky. These tissue samples are the focus of ongoing cancer research at Wood Hudson and are a rich resource for cancer research in the future. The laboratory is working to procure funds to house these tissue samples in a climate controlled safe storage facility. Since 1985, Wood Hudson scientists have collaborated with scientists from the United States Environmental Protection Agency (USEPA). Over a 27-year period, 215 college students have been involved in research at Wood Hudson through the Undergraduate Research Education Program (UREP). These students have gone on to become physicians, scientists, and professors in Kentucky and throughout the United States.

Currently, approximately \$13 million, including the tobacco settlement money and the state excise money, for lung cancer research is given exclusively to the University of Kentucky and the University of Louisville. Federal stimulus money might become a source of funding for lung cancer research, construction of a tissue bank, and development of information technology resources at Wood Hudson.

Senator Westwood asked if Wood Hudson would be able to partner with the University of Kentucky and the University of Louisville to share research development and funds. Dr. Carter stated that Wood Hudson has partnered with the Uni-

versity of Louisville on several projects. Senator Westwood asked what is involved to keep the 780,000 tissue samples usable. Dr. Carter stated for cancer research to be effective on archive specimens, the specimens need to be stored at 80 degrees or below according to the National Cancer Institute. According to the International Agency for Biospecimen and Environmental Resources Repositories require specimens to be stored between 65 degrees and 72 degrees. Both the National Cancer Institute and the International Agency for Biospecimen and Environmental Resources Repositories require a sprinkler system be in place. It is crucial that the specimens be stored in a climate-controlled sprinkler system. Senator Westwood asked if the specimens are being stored in a climate-controlled sprinkler system, and Dr. Carter stated that right now they rely on room air conditioners but there is not a sprinkler system which is a liability for Wood Hudson.

Representative Wuchner asked if the \$300,000 requested would be one-time money for construction and technology. Dr. Carter stated yes, and then \$150,000 per year for three consecutive years.

Representative Watkins asked about the number of researchers available at Wood Hudson currently, and Dr. Carter stated there are currently seven and they are recruiting for two additional researchers because of recent vacancies.

Representative Westrom asked about concerns of taxpayer dollars going to a not-for-profit.

An update on Alzheimer's disease was given by Teri Shirk, CEO and President, Alzheimer's Association - Greater Kentucky & Southern Indiana Chapter, and Steve Olding, Co-Chair, Kentucky Advisory Council on Alzheimer's Disease and Related Dementias. Ms. Shirk stated that Kentucky has the first State Plan that addresses Alzheimer's disease in the nation. There are 5.3 million Americans that have Alzheimer's and 80,000 are Kentuckians. This number is projected to grow to \$120,610 Kentuckians with Alzheimer's by 2030. A new case of Alzheimer's occurs every 70 seconds, and by 2050 an American will develop Alzheimer's every 33 seconds. One out of eight baby boomers in Kentucky will develop Alzheimer's. Alzheimer's is a deadly and fatal disease that impacts families and caregivers. Research has shifted to early warning

signs and early intervention using medications to alleviate symptoms. Approximately 70 percent of persons with Alzheimer's are cared for at home. Nationally, ten million family and friends provide 8.5 billion hours of care. Key supports for families are home care, dementia-appropriate adult day, respite, counseling and training, and Medicaid safety-net assistance. Seventy-one percent of Kentucky nursing home residents have cognitive impairment. Only a small number of nursing homes and assisted living residences provide special dementia care units. Alzheimer's is the seventh leading cause of death in the United States and fifth leading cause of death for those over age 65. In Kentucky, there has been a 58 percent increase in the number of deaths from Alzheimer's between 1999 and 2008. Kentucky's dilemma is Alzheimer's numbers are exploding, care and treatment services are not keeping pace, there are waiting lists for many aging programs, Adult Protective Services caseloads are overwhelming, and state resources are strained.

Mr. Olding stated that the State Advisory Council on Alzheimer's Disease and Related Dementias was established by state law in 2000. Its primary purpose is to monitor policies and services affecting residents of Kentucky with dementia, their caregivers and families as well as identify areas of possible improvement. The goals of the council are: (1) to promote public and professional awareness and education of dementia and access to services and programs; (2) to identify and recommend improvements in the delivery of services that enhance quality of life for persons affected by dementia and their caregivers; and (3) to seek ways that Kentucky can secure additional federal and private funds for services and programs. The all-volunteer council is working on two priority issues contained in the State Plan, dementia training and data collection. Due to the lack of funding, additional questions relating to family caregivers and cognitive impairment cannot be added to the annual state Department for Public Health survey. The council is in the process of prioritizing the most important type of data needed and identifying other potential sources to gather information. The Alzheimer's State Plan recommends offering training to state employees who interact with persons with dementia and their

families and caregivers. As the numbers of clients with dementia continue to grow, topics like disease basics, effective communication, safety and protection will become increasingly valuable to train the staff of the Department of Aging and Independent Living. Although the state's current budgetary constraints pose a real obstacle to the council's work, fundamental and incremental progress can be achieved with continued support from the legislature.

The warning signs of Alzheimer's include: (1) memory changes that disrupt daily life; (2) challenges in planning or solving problems; (3) difficulty completing familiar tasks; (4) confusion with time or place; (5) trouble understanding visual images and spatial relationships; (6) new problems with words in speaking or writing; (7) misplacing things and losing the ability to retrace steps; (8) decreased or poor judgment; (9) withdrawal from work or social activities; and (10) changes in mood and personality.

Representative Glenn asked how to determine early signs of Alzheimer's or dementia. Ms. Shirk stated there is a difference between what is normal aging and Alzheimer's and dementia. She said it is a repetitive loss of repeated activities. Representative Glenn asked if caregiver courses are offered. Ms. Shirk stated the Alzheimer's Association function to provide family caregiver training to professionals and to families on a regular basis for free or a nominal fee. Representative Glenn asked about dementia training. Mr. Olding stated that the Alzheimer's Disease State Plan requires that the Department for Aging and Independent Living staff be trained in dementia. The council wants to extend this requirement the Kentucky State Police, sheriff departments, and EMS. Representative Glenn asked if the police should be required to receive annual training. Ms. Shirk stated that currently first responder training is provided statewide through a national grant to the Alzheimer's Association. The national grant will not be renewed after 2010. There is no mandate for training for the majority of caregivers. If an institution has a dementia care unit, which there are very few of in Kentucky, there is a mandate for eight hours of training.

There being no further business, a motion to adjourn at 3:02 p.m. was made by Senator Pendleton, seconded by Representative Wuchner, and

approved by voice vote.

INTERIM JOINT COMMITTEE ON JUDICIARY

**Minutes of the 2nd Meeting
of the 2009 Interim
Room 171, Capitol Annex
August 7, 2009**

The 2nd meeting of the Interim Joint Committee on Judiciary was held on Friday, August 7, 2009, at 10:00 AM, in Room 171 of the Capitol Annex. Senator Robert Stivers II, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Robert Stivers II, Co-Chair; Representative John Tilley, Co-Chair; Senators Perry B. Clark, Carroll Gibson, Ray S. Jones II, Gerald A. Neal, Mike Reynolds, Jerry P. Rhoads, John Schickel, Dan "Malano" Seum, Katie Kratz Stine, and Jack Westwood; Representatives Johnny Bell, Jesse Crenshaw, Joseph M. Fischer, Kelly Flood, Thomas Kerr, Mary Lou Marzian, Darryl T. Owens, Tom Riner, Steven Rudy, Robin L. Webb, and Brent Yonts.

Guests: Dave Adkisson, President and Bryan Sunderland, Public Affairs Director, Kentucky Chamber of Commerce; Harold Mac Johns, Todd County Attorney and Alan George, Woodford County Attorney, Kentucky County Attorneys Association; Chris Cohron, President, Commonwealth's Attorneys Association; Ed Monahan, Public Advocate, Department for Public Advocacy; and Robert Lotz, Past President, Kentucky Association of Criminal Defense Lawyers.

LRC Staff: Norman Lawson, Chief Staff Administrator; Ray DeBolt, Joanna Decker, Carolyn Gaines and Christy May.

The meeting was called to order by Senator Stivers, the roll was called, a quorum was present, and the minutes were approved by a voice vote. The first speaker was Dave Adkisson, President, Kentucky Chamber of Commerce accompanied by Bryan Sunderland, Director of Public Affairs of the Chamber of Commerce. Mr. Adkisson reported that the Chamber of Commerce had recently issued a report showing that the state is spending more money on Corrections than it is on education and that better education is one of the Chamber's priorities. Mr. Adkisson reported that in the past 10 years that the state budget has grown by 33%, the Corrections budget by 44%, spending on state employee health care has grown by 146% while K-12 edu-

cation has grown only by 36%. K-12 education was 48.2% in 1986-1988 while it declined to 43.8% in the current fiscal year and that postsecondary education had declined from 16.9% in 1986-1988 to 13.7% in the current fiscal year.

Mr. Adkisson reported that Kentucky's rate of incarceration is the highest in the nation according to a PEW study, that the incarceration rate from 1987 to 2007 the imprisonment rate grew by 25% and that since 2000 the prison population has increased by 50%. Balanced against this, Mr. Adkisson reported, that violent crime has decreased by 13% and property crime by 14% and that Kentucky ranked 40th in the nation in violent crime in 2006. Mr. Adkisson suggested the following solutions to the problem:

1. Review the Persistent Felony Offender (PFO) statutes to see if they are too broad and eliminate nonviolent offenders from the statute.

2. Review the classification of offenses and the use of enhancements to penalties.
3. Increase the use of community corrections programs.

4. Attack drug abuse. Mr. Adkisson complimented the General Assembly on the lieu of prison. Mr. Adkisson suggested additional treatment programs for low level drug offenders which he indicated comprise 25% of the prison population.

5. Increase the use of privatization of prisons which Mr. Adkisson indicated provide service at less cost than the state. Mr. Adkisson urged spending the money saved on education programs. Senator Westwood asked if the drop in crime rates was due to the incarceration of offenders. Mr. Adkisson responded that they did not know but that placing money in treatment programs, particularly for youth, would save money and reduce crime at the same time. Senator Neal indicated that the committee has a subcommittee working on these issues. Senator Stivers complimented the Chamber on their interest in the matter and urged the Chamber to urge their members to talk to prosecutors and others to support change. Senator Stivers also urged the Chamber to look into the county jail incarceration problem which costs many counties \$1 million per year and which is the largest cost in many counties and make recommendations in this area as well. Representative Riner urged the use of more faith based programs as alternatives to incarceration which

Representative Riner indicated costs government nothing and has had excellent program results.

The next speakers were Harold Mac Johns, Todd County Attorney and Alan George, Woodford County Attorney, Representing the County Attorney's Association. Mr. Mac Johns indicated that county attorneys are intimately involved with county budgets but that they are also prosecutors with a duty to protect the public. Mr. Mac Johns indicated that he only recommends jail time for "people who have earned it." Mr. Mac Johns observed that in Todd County a person who commits nonsupport gets "eight bites at the apple" before prison is recommended and that the person has already failed at community corrections, misdemeanor probation, and intensive supervision. Mr. Mac Johns indicated that two years of intensive, meaningful supervision might cure the problem with counseling, drug testing, and mandatory work but that many persons do not want counseling and that until the person accepts the need for counseling that such programs may not work. With regard to thefts, Mr. Mac Johns observed that theft is viewed as a nonviolent crime but that where family members steal from elderly family members and similar situations involving theft that there is long term devastation to the family. In such situations family members frequently refuse to provide bail for the offender, desiring the person to be in jail where they cannot steal further. Mr. Mac Johns observed that some would want to shock probate such persons but that he believes they need to be in jail.

Mr. Mac Johns indicated that the General Assembly should not dictate who peace officers can arrest as been proposed for certain minor offenses where consideration has been given to mandating the use of citations rather than arrest. Mr. Mac Johns indicated that he favored retaining arrest for all assault offenses and that there are no hard and fast rules.

The next speaker was Woodford County Attorney Alan George who indicated that the passage of 2009 SB 4 was a good start at a treatment program and that drugs and alcohol accounted for much of the crime problem. Mr. George observed that the 44% increase in corrections spending was a public safety issue and that the persons who are in prison committed a crime, had a trial, were convicted, and that a judge or

a jury imposed the locally approved standard--incarceration. Mr. George indicated that home incarceration is not the purpose of sentencing to incarceration and indicated that defendants frequently ask if their 4 days of mandatory incarceration for driving under the influence be served at home. Home incarceration is not punishment according to Mr. George who urged that we err on the side of public safety and that county attorneys are doing "what the public wants us to do." Representative Bell observed that every judge he appears before representing clients in criminal cases follows the prosecutor's recommendation about sentencing in nearly every case. Representative Bell indicated that in 1st and 2nd offense cases, cold checks, shoplifting, and similar matters that home incarceration is a no-cost benefit. Under the law probation is mandated but is not granted because the prosecutors and judge feel that it "undermines the seriousness of the offense". Mr. George indicated that he agreed that judges frequently follow the prosecutor's recommendations and that prosecutors favor jail, but that in some cases, such as driving under the influence with a blood alcohol concentration of .018 or above that the prosecutor is mandated to seek jail time by statute. Representative Bell indicated that in criminal cases 9 times out of 10 defense attorneys plead defendants guilty because of the prosecutor's threat to prosecute for persistent felony offender as well as the underlying offense. Senator Gibson indicated that in his thirty years as a Circuit Clerk he observed that much of the crime in his county had been committed by just a few families and that there were generations of criminals in families. Senator Gibson observed that the education system is failing in its job to instill good behavior and that if a court uses probation for such continuous offenders that it does not work. Mr. Mac Johns indicated that early intervention, when the person first commits a crime as a youth, may work. Mr. George further observed that in juvenile court problems with criminal families are complicated by the legal demands that families not be separated in most cases and that this means that the child is returned to the same criminal environment rather than being removed from it.

Senator Seum observed that we are overcriminalizing things, that in Jefferson County there were 26 judg-

es and now there are 40, there are 15,000 unserved felony warrants, that in Massachusetts the General Assembly criminalized driving while tired and asked where is the money for all of this. Where is the money for more police, more prosecutors, more defense attorneys, more courts, and more jails, the Senator asked. In Jefferson County Senator Seum observed that there is a special court, which he believes to be unconstitutional, for inspections, permits, and licensing which handles such "crimes" as grass being too tall. Senator Seum observed that the metro government hires 43 officers who are tasked with writing 18 tickets per day and has imposed home incarceration for one year on an 81 year old man who didn't mow his grass. Following the ice storm, according to Senator Seum, a woman whose gutters were brought down by the storm was threatened with jail by these same officers and the problem was solved only when Senator Seum reinstalled her gutters.

Representative Webb indicated that 2009 SB 4 is a step in the right direction to replace incarceration with alternatives but that the problem is that there is very little money for alternatives and that we need to reprioritize how we spend our dollars and that we need to provide services to rural areas. Representative Webb observed that in her area it takes 6 weeks to get a DUI test back. Senator Stivers indicated that in his area of the state misdemeanants were placed on probation and the state told the probation and parole officers not to supervise them and observed that this is a court function and that probation and parole should follow the directions of the court. Mr. Mac Johns indicated that county attorneys are "Gatekeepers." Senator Stivers indicated that 69,000 misdemeanor warrants had been issued for nonviolent misdemeanors. Mr. Mac Johns indicated that he routinely uses summonses rather than arrest warrants for misdemeanors other than assaults but that other county attorneys may not. Mr. George indicated that Woodford County was one of the test sites for the electronic warrant, E-warrant, system and urged its statewide adoption.

Senator Schickel observed that many members of the committee are also members of the defense bar and that the reason that nonviolent people are in jail is that the public wants it. Senator Schickel indicated

that burglary should be included as a violent crime and that many offenders get "too many bites at the apple" prior to being sent to prison. With regard to previous comments that home incarceration is not punishment and that making the person stay at home watching wide screen TV, Senator Schickel observed that persons in jail and prisons get to watch TV, have full court basketball, weight rooms, free health care that the public does not have, free meals, and free lodging. and that it should not cost \$80 per day to incarcerate a prisoner. Senator Schickel further observed that jails and prisons all strive to meet the American Correctional Association's standards and then asked just who these ACA members were, to which the Senator observed that they were architects and humanitarians. Senator Schickel observed that jail or prison should be a place where you do not want to go back which would aid in the person accepting the need for treatment in lieu of incarceration. Representative Webb responded that there should be no apologies for modern prisons or their programs. Senator Schickel then observed that the modern trend in corrections for "direct supervision" was too costly and compromised officer safety.

The next speaker was Warren Commonwealth's Attorney Chris Cohron, President of the Commonwealth's Attorneys Association who indicated that he will shortly assume the position of legislative chairman for the association. Mr. Cohron indicated that if the committee wanted to revise the entire Penal Code that they should look at the \$400,000 study done for the Justice Cabinet several years ago but which went unused. Mr. Cohron indicated that we should be imprisoning those persons we are scared of and that in his jurisdiction the caseload is the third largest in the state and the prison population from his jurisdiction is 600 to 700 inmates. Mr. Cohron observed that the state should study the prison population in detail to ascertain who is there, what their current offense is, what offenses they have committed in the past, how many times they were granted probation or alternatives prior to the current sentence and thus validate the need for their current incarceration. Mr. Cohron indicated that of 79 burglars presently in prison these same persons had over 1,000 prior convictions and in his jurisdiction 20 families were re-

sponsible for 50% of the crimes. Mr. Cohron indicated that a study of penal codes by Northwestern University indicated that the Kentucky code was 11th in clarity and effectiveness in the United States. Mr. Cohron indicated that the system is bankrupting counties which have county jails and urged statewide adoption of the "rocket docket" system where accused persons, their attorneys, and the prosecutors meet and reach an early plea agreement thus limiting their pretrial incarceration and placing them in prison or in a county jail with the state paying the costs of the incarceration thus saving the counties the costs involved in pretrial incarceration of felons. Commenting that present eligibility for parole is at 85% service of sentence for violent offenders, 20% for most other felons, and 15% for nonviolent class D felons that the state needs a longer period of incarceration before parole eligibility for aggravated felony offenses. Mr. Cohron observed that the public wants truth in sentencing and that jurors should be told more about parole eligibility when they are sentencing persons. Mr. Cohron indicated that with regard to nonsupport cases that he uses the family court first but that these courts need more resources to deal with the problem. Mr. Cohron indicated that prosecutors are willing to look at which offenses need to be classified as "violent" offenses, that drug paraphernalia cases should all be misdemeanors, but that the persistent felony offender statutes do what they are meant to do in reducing crime. Senator Clark commented that drug court works as an alternative to incarceration statewide while mental health court and teen courts are working in several jurisdictions as alternatives to incarceration. Other comments included the success that the Department of Public Advocacy has experienced with its social workers and that in certain areas of the state, including urban areas, that access to programs is hampered by a lack of public transportation. Senator Stivers asked that all persons and organizations having suggestions for changing the Penal Code and the Controlled Substances Act send the suggestions, with as much detail as possible, to the staff for deliberation by the subcommittee and presentation at future meetings.

The next speaker was Ed Monahan the Public Advocate who was accompanied by David Preston, Di-

rector of the department's trial division. Mr. Monahan indicated that the Department for Public Advocacy has represented 145,000 clients at trial and 2,000 at post trial proceedings at a cost of under \$300 per case. Mr. Monahan indicated that the department is an independent part of the Cabinet for Justice and Public Safety, that there is a need for quality services on the front end of a criminal case, and that alternatives to incarceration are the national trend. Mr. Monahan indicated that the department's six social workers save the state \$3.25 in corrections costs for every dollar invested in the social worker program. Mr. Monahan identified three basic proposals for reducing prison costs.

1. Effective criminal defense litigation which prevents innocent people going to prison.

2. Effective alternative sentencing plans.

3. The Innocence Project which investigates the claims of innocence of persons in prison and defends them if they meet the criteria, thus saving the additional costs of incarcerating an innocent person.

Mr. Monahan cited a 2002 Peter D. Hart Research Associated for the Open Society Institute in which over 70% of respondents favored a policy that would mandate drug treatment and community service rather than prison for persons found guilty of selling small amounts of drugs and that 75% of all adults favored sentencing nonviolent offenders to supervised community service or probation instead of imprisonment including 41% who strongly favored this proposal. Mr. Monahan indicated that while the majority of people want violent criminals locked up, part of the problem is defining who is a violent criminal. Mr. Monahan suggested providing more resources to comprehensive care programs to reduce incarceration and elimination of the death penalty. Mr. Monahan indicated that additional specific recommendations are contained in the material distributed to the committee and that money saved by lessening incarceration be diverted to alternatives to incarceration programs.

The next speaker was Mr. Robert Lotz of the Kentucky Association of Criminal Defense Lawyers who indicated that both public defenders and the private defense bar are interested in lives turned around and that incarceration does not provide this. Mr. Lotz indicated that enhancements to

sentences do not solve turning lives around. Mr. Lotz indicated that his organization favors enactment of the Prison Industries Enhancement Bill which has been proposed in several sessions of the General Assembly, the enactment of 2009 SB 103 which would require cost of incarceration data to be placed before judges and juries during the sentencing phase of a trial, the provision of 2009 SB 76 limiting the amount of bail for a Class A or B misdemeanor to the amount of the fine, 2009 HB 389 relating to eyewitness identification, the increase in good time proposed in 2009 HB 371, requiring prosecutors to choose between an enhancement or the persistent felony offender statutes in situations where both might apply proposed in 2009 HB 378, and expanding proposals for electronic recording of interviews with minors to include all interviews by law enforcement in criminal cases. Mr. Lotz further indicated that there has been a change in the personnel hired as probation and parole officers from the social workers previously employed to peace officers or former peace officers who are more interested in catching parole violators and sending them back to prison than the previous social work approach which emphasized the parolee or probationer succeeding while in the program. Mr. Lotz commented that the use of faith based programs as alternatives succeeded better than mere electronic monitoring of persons on release or home incarceration. Mr. Lotz indicated that the organization favored expanding the use of drug court, reducing possession of controlled substances to misdemeanors, that time spent on probation should count as jail time, that rehabilitation and redemption should be recognized in the law through expungement of records for nonviolent felonies and automatic restoration of voting rights, and the elimination of the death penalty. Representative Riner observed that the state should reverse the economic incentive to jail persons, unify the jail system, and provide counties incentives for using alternatives to jail. Representative Crenshaw cited the situation of a person who was convicted of a non-violent felony 12 years ago, lost their job recently because of economic conditions, and now cannot get a job because of their felony record. Senator Clark indicated that he favored automatic expungement of records and that the record of a person suc-

cessfully completing diversion be expunged in 60 days. Senator Schickel commented that innocent persons are in jail but that even expunged records come up in record checks thus inhibiting the person's employment, and that his SB 31, a bill to remove the prohibition against faith based community service, passed the Senate in 2009 but died in the House of Representatives. Ed Monahan commented that new programs such as the mental health court in Kenton County has helped to alleviate the problem where jails and prisons are used in lieu of mental health treatment.

The meeting was adjourned at 12:30 p.m.

INTERIM JOINT COMMITTEE ON JUDICIARY

**Minutes of the 3rd Meeting
of the 2009 Interim
Justice Center
100 Justice Center
Hopkinsville, KY
September 4, 2009**

The 3rd meeting of the Interim Joint Committee on Judiciary was held on Friday, September 4, 2009, at 10:00 AM, Central time in Hopkinsville, KY. Representative John Tilley, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative John Tilley, Co-Chair; Senators Perry B. Clark, Carroll Gibson, Ray S. Jones II, Gerald A. Neal, Mike Reynolds, Jerry P. Rhoads, Dan "Malano" Seum and Jack Westwood; Representatives Johnny Bell, Tom Riner and Steven Rudy.

Guest Speakers: Sen. Mike Reynolds and Warren County District Judge Sam Potter; J. Michael Brown, Secretary of the Justice and Public Safety Cabinet and Charles Jeveden, Deputy Secretary of the Justice and Public Safety Cabinet; David Ogles and Kelly White, former Deputy Commissioner, Department of Corrections; David Jolly, Director, Tennessee Valley Authority Police and Nancy Mitchell, Manager, TVA Relations; Michael Meeks, Registered legislative agent for Kentucky Alternative Programs; Angela Criswell, Bluegrass Prevention Center and Stephen Contos, Kentucky Alternative Programs.

LRC Staff: Norman Lawson, Chief Staff Administrator; Joanna Decker, Jon Grate and Carolyn Gaines.

Representative Tilley called the meeting to order, the roll was called,

and a quorum was not present. Chief Circuit Judge John Atkins welcomed the committee to the Justice Center and commented that this was the first time that the Judiciary Committee had met in Hopkinsville. Judge Atkins then introduced various local officials including the County Judge Executive, Mayor, and other judges who were in attendance at the meeting. Senator Seum introduced Senator Ken Winters and Senator Joey Pendleton who were in attendance at the meeting. Representative Bell introduced David Ogles of the Jail Tracker organization and Chief District Judge Sam Potter from Warren County.

The first speakers were Senator Reynolds and Judge Sam Potter, Chief District Judge in Warren County Judge Potter spoke about 3 topics. The first was problems which have been caused by provisions in 2009 RS HB 269 which increased the felony theft limit from \$300 to \$500 but which included a provision that a person who was ordered to make restitution for a theft could not have a driver's license until the restitution was paid in full. The bill contained a provision for a hardship license. Judge Potter, who indicated that he was speaking for the District Judges Association on this matter, commented that a person who had written bad checks, then had their driver's license suspended, could not get to work to pay the required restitution and that the provisions for the hardship license were difficult to implement and administer. Judge Potter commented that many of these persons would simply drive anyway without a license and without insurance. Then if the person ran a stop sign and were cited that extra police, prosecution, defense, court, and jail expenses would be involved and the restitution still would not be paid. Judge Potter suggested that the proper remedy for failing to pay restitution was contempt of court, not the procedure demanded by HB 369. Representative Tilley commented that loss to retail merchants through theft and bad checks was \$22 million per year. Judge Potter commented that the present law makes extra work for circuit clerks and indicated that there were two solutions to the problem. One was to make the loss of license permissive and the other was to eliminate the loss of license provision entirely. Of these choices, Judge Potter indicated, that the District Judges Association preferred

elimination of the provision entirely.

The second problem cited by Judge Potter was the problem of jurisdiction between the Family Court and the District Court in the issuance of domestic violence restraining orders. Judge Potter cited a situation where family court issues against a juvenile, the juvenile then slaps his mother and the case then goes back to juvenile court. Judge Potter suggested that the family court be permitted to handle these cases as well. The third problem cited by Judge Potter involves the newly designed E-citations. When a police officer issues an E-citation, even for a prepayable offense, the citation automatically generates a court date. The problem is that people show up for court and do not prepay the citations thus taking court time and their own time when this is unnecessary. Judge Potter suggested that the citation be redesigned to properly reflect how a prepayable citation should be handled and that if the citation is prepaid that a court appearance is unnecessary. Judge Potter urged legislators to talk to judges about bills that affect them during the legislative process so that some of these problems might be avoided.

The next speaker was Justice and Public Safety Cabinet Secretary J. Michael Brown. Secretary Brown presented a detailed explanation of how the disturbance began in dorm 6, spread to dorm 2 and then to dorm 3. Inmates set fire to these buildings and to the food service building, the canteen, the medical building, the visiting building, and various other facilities. Secretary Brown indicated that the inmates in dorm 5, the honor dorm exited their dorm and stood in front of cameras to prove that they were not involved in the disturbance. Secretary Brown indicated that a core group of 50-60 inmates were involved in the arson and disturbances. The outer perimeter of the facility, outside the fence, was secured by the Kentucky State Police and local police while the inner perimeter was secured by Department of Corrections emergency response teams. The old hospital buildings were outside the fence and were not damaged in the fire. The buildings that were damaged by the fire were largely destroyed and will have to be demolished and rebuilt.

Secretary Brown observed that the disturbance began about 6:30 PM, that fire departments responded promptly but were prevented from

making close entry to extinguish fires until after the inmates were controlled, firefighting was done from outside the perimeter fence. Secretary Brown indicated that approximately 700 inmates were moved early in the morning of the next day to other state and private prison facilities and 482 inmates remained at Northpoint in existing dorms. Secretary Brown indicated that the priority for replacement of buildings will be to replace the food service and medical buildings which may be larger than the previous buildings and will be built to the current building and fire codes. Secretary Brown indicated that insurance will cover part of the cost of rebuilding but may not cover the cost of enlargement of the buildings and that at present there is no estimate of costs involved or a time line for completion of the new buildings. Secretary Brown indicated that the Friday incident may have been the result of an incident on Tuesday when a gang of Hispanic inmates attacked other inmates which resulted in the prison being "locked down". The lock down was being eased on Friday and controlled movement of inmates was being permitted when the incident occurred.

Representative Bell observed that he has heard for years about conditions at Northpoint and indicated that he wanted a full after action report on the incident. Secretary Brown responded that Northpoint is a medium security prison where the criteria for being sent there is inmate behavior, that Northpoint like most older prisons has open bay dorms which are double bunked, lacked sprinklers, and the only actual cells are in the segregation unit, and that it is more difficult to control inmates in such a setting. Senator Gibson observed that there were 34 employees on duty at the time the incident started and asked how long the warden had been there. Secretary Brown answered that the number of employees was slightly above normal and that the warden had been there for a couple of years. Senator Gibson asked if extra personnel were normal during a lock down to which Secretary Brown answered, yes. When asked about current conditions, Secretary Brown indicated that the inmates were being fed sack lunches and fast food as part of a temporary food service with the intention of providing better meals as soon as possible. When asked if the 700 prisoners moved to other state and

private facilities have overcrowded those facilities, Secretary Brown responded, yes. Senator Westwood asked if insurance would pay 100% of the cost of replacing the buildings and facilities to which Secretary Brown responded that this is currently the subject of negotiation but that insurance should pay the basic costs plus transportation costs. Secretary Brown indicated that all new construction will meet current building and fire code standards but that current prison facilities, built under old codes, do not contain sprinklers.

Secretary Brown then presented a report on the situation at the Otter Creek private prison which is operated by the Corrections Corporation of America and which has been the subject of recent complaints about sexual assaults by guards on the female inmates at the facility. Citing the need to comply with the federal Prison Rape Elimination Act, Secretary Brown indicated that the facility had two buildings, one which housed Hawaii inmates and one which housed Kentucky inmates. Secretary Brown observed that assaults against Hawaii inmates were not reported to Kentucky even though the facility is located in Kentucky. Following inmate complaints, Secretary Brown explained, Hawaii has moved its female inmates to prisons in other states.

Secretary Brown observed that the incidence of incidents reportable and actionable under the Prison Rape Elimination Act were much higher at Otter Creek than they are at the Kentucky Correctional Institution for Women, the state operated facility for females, that the ratio of female correctional officers was much higher at the state facility, and there were allegations that staff at Otter Creek who had complaints filed against them in the Hawaii dorms were transferred to Kentucky dorms without telling Kentucky of the previous complaints. During this period, the contract with the Corrections Corporation of America expired and the state extended the contract temporarily without full renewal according to Secretary Brown. Speaker Stumbo and various other legislators sent a letter to the Governor requesting that the contract with the Corrections Corporation of America not be renewed. Secretary Brown indicated that he has sent a letter to the Corrections Corporation of America and to Speaker Stumbo detailing the demands of the Department of Correc-

tions which include: hiring a female director of security, female staff and officers providing direct supervision of inmates, female security staff ratio of 40% or greater, conduct and implement an action plan with increased use of cameras to cut down on incidents which is approved by the Department of Corrections, uniform reporting of any and all sexual contact, and follow the PREA standards. Secretary Brown observed that the state does not have the facilities to house these female inmates if the private facility closes and that housing the female inmates in jails is not practical since county jails were not built to house female inmates. Senator Westwood asked if the 7 story building at Northpoint could be renovated to house female inmates to which Secretary Brown indicated that renovation of the building will cost \$14 million and take several years. When asked if Corrections Corporation of America will accept the state's new demands for a new contract Secretary Brown indicated that he felt they would.

Secretary Brown then introduced Deputy Secretary Charles Geveden and urged the committee members to read the bills proposed as part of the cabinet's legislative agenda for the 2010 session which have been provided in the member's folders.

The next speaker was Mr. David C. Ogles of the JailTracker program of the Digitech Corporation in Glasgow, Ky. Mr. Ogles presented a powerpoint presentation in which he indicated that the JailTracker programs are designed to do more with less manpower in handling web enabled reporting and information handling, automation of repetitive tasks such as cell checks, integration with external systems, and integration of systems between jails using the JailTracker system. Part of the system is designed to provide financial management systems which provide double entry accounting, proper allocation of deposits and fees, automated collection of fees, and agency billing and allocation. The system also provides risk management such as alerts on inmates which would inform a jail taking an inmate of any prior problems and special needs the inmate had previously, tracking and documentation of incidents, and similar matters. Mr. Ogles indicated that in one jail alone 9 man hours per day were eliminated in answering questions from attorneys, families, and others as to who was in jail and

what they had been charged with since the JailTracker system provides this information on-line through the internet so that all a person has to do is go to the jail website to find the information rather than having a jail employee search the records to find the information. Mr. Ogles indicated that the company was founded in 1988 and has been serving the public safety market since 2002, that about 1/2 of the jails in Kentucky either have JailTracker programs in effect or in the process of installation and that the programs are in use in 5 other states.

The next speakers were Nancy Mitchell and David Jolly, upcoming Director of the Tennessee Valley Authority police who spoke in favor of a bill which will be sponsored by Senator Winters, previously presented to the General Assembly, to give full state-wide police authority to the TVA police. Mr. Jolly spoke of a court case in which a TVA police officer stopped a person for driving under the influence, called the Benton Police to take the person to jail, and then had the court dismiss the case because the TVA police officer had no authority to stop the driver in the situation. Mr. Jolly observed that the TVA police can be a valuable back-up for rural police, and can respond more rapidly in some instances because they may be nearer to the incident. Mr. Jolly indicated that the TVA police all must complete the Federal Law Enforcement Training Center at Glynco, Georgia. Mr. Jolly asserted that the Federal Law Enforcement Training Center is "internationally accredited". Mr. Jolly called attention to a list of Kentucky law enforcement agencies and groups which supported the legislation. Representative Rudy asked if the Kentucky State Police supported the legislation to which Mr. Jolly indicated that the Kentucky State Police helped in preparing the language for the bill. Senator Winters indicated that Western Kentucky is short of law enforcement personnel and that the bill is needed. Senator Jones asked if the Federal Law Enforcement Training Center provided training on Kentucky law to which Mr. Jolly responded that it did not do so but that the agency provided this training. Senator Jones explained that he was concerned about providing federal law enforcement officers with Kentucky jurisdiction when they were not trained on Kentucky

law. Senator Jones commented that the TVA police already had Kentucky jurisdiction to operate in counties in which TVA owned property. Representative Bell commented that he was concerned about extending Kentucky jurisdiction to federal officers and asked if other states in which TVA operates do not provide state-wide jurisdiction to which Mr. Jolly replied that Kentucky and Georgia do not provide such jurisdiction. Representative Riner commented that when these issues have come up in the past that he has included a question to his constituents as to whether or not they favored giving federal officers Kentucky jurisdiction and that the response was an overwhelming, no. Other members commented that the state can exercise control over Kentucky officers but cannot do so if Kentucky grants jurisdiction to federal officers and that federal officers have in the past overstepped their jurisdiction.

The next speaker was Ms. Angela Criswell of the Bluegrass Prevention Center, accompanied by Stephen Contos of Kentucky Alternative Programs which rents ignition interlock devices to drivers and Michael Meeks, legislative agent for Kentucky Alternative Programs who spoke in favor of the House Committee Substitute for 2008 RS Senate Bill 34 which required the installation of ignition interlocks with driver recognition features on all vehicles owned by a person convicted of DUI. Ms. Criswell, citing statistics from the Mothers Against Drunk Drivers organization, indicated that eleven states require first time convicted drunk drivers use ignition interlocks, that ignition interlock requirements in New Mexico reduced drunk driving recidivism by 65% since 2002, that alcohol involved crashes are down by 31%, and that fatalities are down by 38%. Ms. Criswell further commented that the New Mexico program cost a driver \$2.25 per day but that for every dollar invested in an ignition interlock the public saves \$3. Ms. Criswell commented that in Kentucky the State Police estimate the economic cost of alcohol related crashes in 2007 was \$326 million and that including quality of life losses the cost to Kentucky and taxpayers was over \$1 billion. Ms. Criswell indicated that revoking a drunk driver's license was ineffective and that 50% to 75% of drunk drivers continue to drive without a license. Mr. Contos of Kentucky Alternative Programs

distributed a sheet of information which he indicated dealt with comments made during the 2009 regular session with regard to objections to SB 34's House Committee Substitute. Mr. Contos indicated that the current lack of service points for ignition interlock devices in Kentucky reflects a lack of demand for the devices and that providers will increase the number of service points, that rental of an ignition interlock device costs about \$3 per day with an installation fee ranging from \$50 to \$150, described how the devices work to prevent subverting the device, and indicated that eight device manufacturers are presently approved by Kentucky. Senator Clark indicated that Kentucky needs to reduce other causes of accidents as well as driving under the influence. Senator Jones indicated that in the past he has supported a drug driving bill and supports DUI legislation. Senator Neal asked if the proposed legislation would create a monopoly to which Mr. Meeks replied, no. Senator Seum asked if everyone using the vehicle would have to blow into the device whether they were the convicted drunk driver or not to which the reply was, yes. Other legislators asked if the legislation applied to all vehicles owned by the drunk driver to which the response was, yes. Representative Tilley indicated that there should be a provider of interlock devices and service for interlock devices within 50-75 miles of each driver.

The meeting was adjourned at 12:20 PM, Central time.

INTERIM JOINT COMMITTEE ON JUDICIARY

**Subcommittee on the Penal Code and Controlled Substance Act
Minutes of the 2nd Meeting
of the 2009 Interim
August 7, 2009**

The 2nd meeting of the Subcommittee on the Penal Code and Controlled Substance Act of the Interim Joint Committee on Judiciary was held on Friday, August 7, 2009, beginning at approximately 1:00 PM, in Room 171 of the Capitol Annex. Senator Gerald A. Neal, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Gerald A. Neal, Co-Chair; Representative John Tilley, Co-Chair; Senators Jerry P. Rhoads and John Schickel; Representatives Johnny Bell, Robin L. Webb, and Brent Yonts.

LRC Staff: Norman Lawson,

Chief Staff Administrator; Ray DeBolt, Joanna Decker, Carolyn Gaines and Christy May.

Senator Neal called the meeting to order, the roll was called, a quorum was present, and the minutes were approved by a voice vote. Senator Neal asked the members that if they needed further information, had suggestions for the Subcommittee or proposals to be drafted for presentation to the Subcommittee that they send them to Norman Lawson so that the staff can prepare the drafts or supply the information needed. Senator Neal discussed proposed changes to the schedule of the Subcommittee which included:

1. Send proposals for drafts to staff by August 21;

2. Cancel the September 4 meeting in Hopkinsville and replace it with a September 21 meeting in Hopkinsville;

3. Hold the regular meeting in Manchester on October 2 as scheduled;

4. Hold one additional meeting of the Subcommittee, but not the full committee, in Frankfort on October 19;

5. Hold the November Subcommittee meeting in Frankfort on November 6, 2009 at 10:00 AM and the Interim Joint Committee meeting at 1:00 PM so that the Subcommittee can approve its report in the meeting and the full committee can approve the Subcommittee report in the afternoon.

The members agreed that they favored the changes but no vote was taken. Senator Neal summarized the materials contained in the Subcommittee's folder from the Justice Center of the Council of State Governments and urged the members to read these materials and to read the materials from the Sentencing Project in Washington, D.C. specifically relating to the studies being undertaken by the Subcommittee. Representative Tilley asked the various groups who have proposals to make to the Subcommittee to send in detailed written suggestions identifying the statutes proposed to be changed and the changes desired and identifying in detail any suggested new material.

The meeting was adjourned at approximately 1:30 p.m.

INTERIM JOINT COMMITTEE ON LABOR AND INDUSTRY

**Minutes of the 2nd Meeting
of the 2009 Interim**

August 20, 2009

The 2nd meeting of the Interim Joint Committee on Labor and Industry was held on Thursday, August 20, 2009, at 10:00 AM, in Room 131 of the Capitol Annex. Representative Rick G. Nelson, Chair, called the meeting to order, and the committee assistant called the roll.

Present were:

Members: Representative Rick G. Nelson, Co-Chair; Senators Julian M. Carroll, Julie Denton, Denise Harper Angel, Ray S. Jones II, Gary Tapp, Jack Westwood, and Ken Winters; Representatives Will Coursey, Bill Farmer, Richard Henderson, Charlie Hoffman, Joni L. Jenkins, Thomas Kerr, Adam Koenig, Mary Lou Marzian, Tom Riner, Charles Siler, and Jim Stewart III.

Guests: Secretary Helen Mountjoy, Education and Workforce Development Cabinet.

LRC Staff: Linda Bussell, Carla Montgomery, Adanna Hydes, and Betsy Bailey.

Chair Nelson welcomed members of the committee and guests to the second meeting of the interim. A moment of silence was observed by those in attendance in honor of Representative Siler's wife who was hospitalized. Representative Henderson made a motion to adopt the minutes of the July meeting, Senator Harper Angel seconded the motion and the minutes were approved. Chair Nelson reminded the members that the meeting in September will be held at Kentucky Dam Village during the Labor Management Conference. Chair Nelson introduced Secretary Mountjoy to present another update on the progress of the Task Force on Unemployment Insurance, information on the Unemployment Insurance Modernization Provisions of the 2009 American Reinvestment and Recovery Act (ARRA), and to address questions from members submitted after the July meeting.

Sec. Mountjoy reported that Kentucky's unemployment rate reached 11% during the month of July, with 227,431 people without employment. The highest unemployment rate was 11.3% in 1983. Sec. Mountjoy explained that the Governor's Unemployment Insurance Task Force is working towards establishing a model for Kentucky's unemployment insurance program that will be stable, solvent and sustainable. The model will be developed by the consultants to the Task Force and is expected by mid- September. The

model will be the basis for establishing employer tax rates, the taxable wage base, and the essential and basic elements of an unemployment insurance system. The Task Force has been divided into small groups that will meet outside of regular Task Force meetings to discuss elements that do not necessarily have a significant financial impact on the system but are nevertheless important to discuss. These elements include the appeals process, employer charging methods, eligibility requirements, a waiting week period before benefits are paid, work search requirements, employer experience rating system, reemployment provisions, and voluntary contributions. The Task Force hopes to meet the deadline of October 31st for recommendations so that the General Assembly has ample time to consider the recommendations and to draft appropriate legislation.

Sec. Mountjoy said materials were included in members' folders that include answers to questions from the members submitted after the last meeting and other information. She said she would not go over the questions individually but would address them in a narrative way.

Regarding a question about the status of the work of the consultants to the Task Force, Sec. Mountjoy said the consultants will make recommendations on employer tax schedules which will be based on recommendations on the taxable wage base. The taxable wage base for Kentucky is set at \$8,000. The minimum by federal statute is \$7,000. One of the anticipated recommendations is indexing the taxable wage base. The current system bases revenue upon the fixed taxable wage base that was set in 1982 when \$8,000 represented 50% of the average annual wage in Kentucky. Due to inflation, wages have risen and so have the levels of benefits that are required to be paid out. The rate at which revenues are generated is fixed, but the rate at which benefits are paid out is changing. Many states have moved towards indexing their taxable wage base according to inflation or the previous year's wages in order to sustain the level of benefits that is required. The consultants are also conducting a cost benefit analysis of the elements of ARRA's modernization provisions. The consultants are under contract until June 30, 2010 and will be available to respond to members' questions.

Sec. Mountjoy said the goal of

the Task Force is to design an unemployment insurance system that will be stable, solvent, and sustainable. The current system has worked fairly well for 27 years which is remarkable considering the changes that have occurred in the economy and workforce. The system began to falter because it has a fundamental imbalance and that is the major issue the Task Force will try to address. Sec. Mountjoy said her hope is that the changes the General Assembly will make next year based on the recommendations of the Task Force will be as far-reaching as those made by the General Assembly in 1982.

One topic currently being discussed by the Task Force is voluntary contributions. Employers are permitted to make voluntary contributions or payments in order to obtain a lower unemployment insurance tax rate. The voluntary contributions are made in a lump sum to the unemployment insurance trust fund during the first 120 days of the calendar year that will "buy down" the tax rate for the coming year. In 2009, 197 Kentucky employers took advantage of this opportunity. Employers invested \$2.6 million in voluntary contributions, which resulted in a rate savings of \$5.7 million. Some states limit the amount of voluntary contributions that can be made because of the effect on their trust funds. Some employers' voluntary contributions resulted in a 300% savings. In Kentucky, the \$3.1 million that was saved by the employers making voluntary contributions was money that would have gone into the trust fund. Less money filtered into the trust fund may result in higher tax rates.

Sec. Mountjoy said people asked if an employee can receive unemployment benefits if the employer does not pay into the unemployment insurance system. In most instances, they can. If the employer is a contributing employer, the eligible employee will receive benefits. If the employer failed to pay the required taxes, the process of investigation begins and the employer will be subject to paying the tax, interest and penalties. Some employers are not contributing employers. They are reimbursing employers. These employers only reimburse the amount of benefits paid to a former employee. Federal law requires that state and local government entities and 501(c)(3) nonprofit organizations be given the option to be reimbursing, rather than contributing, employers.

Employees of reimbursing employers have the same right to benefits as other employees, except that federal law excludes 501(c)(3) nonprofit organizations with fewer than three employees from receiving unemployment insurance benefits.

Sometimes questions arise about illegal aliens and whether they can claim benefits. Illegal aliens are not eligible. Non-citizens with legal work cards must provide an identification number from their alien registration card when they file for benefits. If this card is expired or not legitimate, the claimant will be further investigated and the claim will not be paid.

During this recession, questions and complaints have been received about the length of time it takes for decisions on initial claims for benefits and the time it takes for the appeals process. There are two levels of appeals within the unemployment insurance program. If a former employee is denied benefits or an employer wishes to challenge a former employee who is receiving benefits, they may appeal the decision to a referee. The referee's decision may be appealed to the Unemployment Insurance Commission. A decision of the commission may be taken to the circuit clerk in the county of employment. The Education and Workforce Development Cabinet (cabinet) has hired a number of federally funded time limited (FFTL) employees to deal with the influx of unemployment claims and appeals. As a result, in July 75% of first level appeals were resolved within the first 30 days.

Returning to the issue of reimbursing employers, Sec. Mountjoy said because these employers only pay into the system only when a claim is charged against them, the unemployment insurance trust fund does not earn interest. States are permitted under federal law to impose service charges or processing fees, or take other steps to make up for the loss in interest not generated by reimbursing employers. There are 1,423 reimbursing employers in Kentucky, which makes up 1.66% of all employers. Reimbursing employers represent about 25% of all the wages that are paid in Kentucky.

One of the most important strategies to restore the unemployment insurance program is to get people back to work. Pre-recession, the average length of time a claimant received unemployment insurance benefits was 14.1 weeks, rather than the maximum of 26 weeks. This meant

people were going back to work. During this recession, federal funding has been provided to increase services to assist people in getting back to work. A variety of services is provided by the cabinet. Job search services assist with such things as designing resumes and providing access to job openings. There is a mechanism that permits a person to seek a job with particular characteristics. Connecting the unemployed with retraining is another service provided to help the unemployed acquire new skills or skills necessary for existing jobs or jobs that might become available in the area.

There are still questions about extended benefits. The maximum number of weeks of regular unemployment benefits is 26 weeks. Extended benefits are an additional 20 weeks of benefits after regular (26 weeks) and extended unemployment compensation (33 weeks) benefits have been exhausted. Sec. Mountjoy said it is possible that someone who applies for benefits today may not receive extended benefits even if they are still unemployed. The reason for this is because federal funding for extended benefits will expire on December 31, 2009.

Two bills have been filed in Congress to extend the Extended Benefits program so that benefits will continue to be fully funded by the federal government. At this time there is no cost to Kentucky's unemployment insurance trust fund for the extended benefits. Extended benefits paid to former employees of contributing employers or reimbursing nonprofit employers are paid 100% by the federal government. Extended benefits paid to former employees of state and local government are paid by the state or local government employer.

Sec. Mountjoy said Kentucky is still borrowing from the federal government to pay benefits and this will probably continue for an extended period of time. To date, Kentucky has borrowed \$338,800,000. No interest will be accrued on the federal loans until December 31, 2010. When Kentucky last borrowed and had to pay back interest along with principal, the interest was paid from Federal Unemployment Tax Act (FUTA) tax contributions, employer surcharges, and the penalty and interest account. Interest cannot be paid from employer contributions to the unemployment insurance trust fund. In 1983, 1984, and 1985 a statutory provision was in place that

imposed a surcharge on employers in any year when there were insufficient funds in the penalty and interest account to pay the interest required. In Kentucky, employers pay a FUTA tax in addition to the state unemployment tax. The FUTA tax rate is 6.2%, but employers receive credits against that tax rate which results in an effective FUTA tax rate of .8%. If a state borrows money and has not paid accrued interest and principle for two years, the federal government may reduce the tax credits and raise the effective tax rate of .8% by .3% annually. The funds resulting from the increased FUTA tax is reserved solely for repayment of the state's loan. Most states are considering surcharges as a strategy for restoring solvency to their unemployment insurance trust funds. Sec. Mountjoy said the cabinet is well aware that imposing a surcharge on employers is a policy decision that has long-term implications.

Sec. Mountjoy explained that a proposed federal rule could make future loans from the federal government more problematic. The purpose of the proposed rule is to close a loophole that allows states to borrow within a calendar year and repay the loan before the end of the federal fiscal year without incurring interest charges. Several states have used these short-term interest free loans to cover cash-flow difficulties.

Regarding the unemployment insurance modernization provisions in the 2009 ARRA, Sec. Mountjoy said handouts provided to the members contain summaries of the modernization options a state could adopt in order to receive federal incentive funds. If the General Assembly enacted the modernization provisions by legislation, Kentucky could receive approximately \$90 million for the unemployment insurance trust fund. Looking at our contiguous states, Indiana has not yet adopted the modernization provisions. Missouri, Tennessee, Virginia, Ohio, and West Virginia have adopted or are considering adoption of some or all of the provisions. The consultants to the Task Force are looking very carefully at the long term cost implications of the modernization provisions. In addition to legislation that will be necessary to adopt the modernization provisions, legislation will also be necessary to adopt other recommendations of the Task Force.

Sec. Mountjoy said the Task Force is working diligently and the work is

very challenging. There is no doubt that both employers and employees will have to sacrifice in order to have an unemployment insurance system that works effectively, and the burden will be on the General Assembly to make very difficult decisions.

Sen. Westwood asked Sec. Mountjoy if federally-funded-time-limited employees are considered state employees and whether they will receive benefits when their position ends. Sec. Mountjoy explained that FFTL employees are employed through the cabinet for a limited time with federal funds and they will not receive unemployment insurance benefits when their jobs expire. Sen. Westwood asked how many FFTL employees have been hired. Sec. Mountjoy said she would provide those numbers at a later time.

Rep. Farmer asked if a monthly average growth of \$30 million dollars in the federal debt is to be expected. Sec. Mountjoy said a quarterly request is provided to the federal government and the funds are placed in an escrow account which is drawn from as needed. Rep. Farmer asked if a set minimum level in the trust fund would possibly be part of the new system. Sec. Mountjoy said the consultants will be providing a recommendation on this. Rep. Farmer asked how Kentucky is staying competitive with other states dealing with the same issues. Sec. Mountjoy said that other states' measures to reconcile their financial difficulties are being taken into account by the Task Force.

Chair Nelson asked if public school districts and colleges are reimbursing employers. Sec. Mountjoy said all governmental employers are reimbursing employers.

Rep. Hoffman referred to information given at a previous Task Force meeting about various loopholes employers find to avoid unemployment insurance payments, such as misclassifying employees as independent contractors, and asked if the Task Force will make recommendations relating to this issue. Sec. Mountjoy said the Task Force would address other issues that affect efficiency and fairness of the system.

Rep. Riner commented that he has spoken with several employees of 501(c)(3) organizations who are not aware of the unemployment insurance provisions and how they apply for benefits. Sec. Mountjoy replied that local one-stop facilities and local unemployment insurance

offices are dispersed throughout the state to provide information about the program.

Chair Nelson asked why the number of unemployed is much greater than the number of unemployed receiving benefits. Sec. Mountjoy said in some cases, drawing unemployment insurance benefits is perceived as a stigma and some people choose not to apply. In other situations, the benefits are simply not utilized because they are not needed or because the person does not qualify to receive them. It is estimated that only about 50% of qualified people actually apply for benefits.

Sen. Jones asked what the average number of weeks a person draws unemployment insurance benefits is. Sec. Mountjoy said she would get that information, but currently an unemployed worker can potentially receive a maximum of 79 weeks of benefits.

Rep. Henderson said he was alarmed by voluntary payments and asked how much of a rate reduction an employer could receive. Sec. Mountjoy responded that a formula is used to derive the tax rate reduction. Rep. Henderson requested that the Task Force look at that issue and eliminate or limit the amount of voluntary payments because the amount of the savings by employers making voluntary payments is not going into the trust fund. He said there might be some legislation on that issue.

Chair Nelson asked if the number of employers making voluntary payments has increased. Sec. Mountjoy responded that the number had decreased from the peak number of 300 employers a few years ago.

Chair Nelson recognized guests from the National Federation of the Blind.

The meeting adjourned.

INTERIM JOINT COMMITTEE ON LOCAL GOVERNMENT

**Minutes of the 3rd Meeting
of the 2009 Interim
August 26, 2009**

The third meeting of the Interim Joint Committee on Local Government was held on Wednesday, August 26, 2009, at 10:00 AM, in Room 171 of the Capitol Annex. Senator Damon Thayer, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Damon Thayer, Co-Chair; Representative Steve Riggs, Co-Chair; Senators Walter

Blevins Jr., Carroll Gibson, Dan Kelly, Mike Reynolds, John Schickel, Elizabeth Tori, Johnny Ray Turner, and Ed Worley; Representatives Ron Crimm, Mike Denham, Derrick Graham, Richard Henderson, Charlie Hoffman, Brent Housman, Dennis Keene, Adam Koenig, Stan Lee, Tom McKee, Reginald Meeks, David Osborne, Arnold Simpson, Kevin Sinnette, Ancel Smith, and Ken Upchurch.

Guests: Representative Rocky Adkins; Representative Keith Hall; Mayor Connie Lawson, City of Richmond; Mayor Mike Miller, City of Jackson; Mike Foster, Christian County Attorney; Ann Miller and Carl Ellis, City of Versailles; John Brazel, AGC of Kentucky; Vince Lang, Kentucky Association of County Judge/Executives; Richard Tanner, Kentucky Magistrates and Commissioners' Association; Judy Taylor, Keeneland Association; Gay Dwyer, Kentucky Retail Federation; Neil Hackworth, Temple Juett, Joe Ewalt, J. D. Chaney, and Bert May, Kentucky League of Cities; Bob Arnold, Denny Nunnelley, Tim Sturgill, and Shelley Hampton, Kentucky Association of Counties; Ron Wolf, Louisville Metro Government; and Mark Mangeot, Justice Cabinet.

LRC Staff: Mark Mitchell, Joe Pinczewski-Lee, John Ryan, Kris Shera, Tom Dorman, Matt Neihaus, and Cheryl Walters.

Upon the motion of Representative Crimm, seconded by Representative Henderson, the minutes of the July 29, 2009 meeting were approved.

Senator Thayer announced that the purpose of the meeting was to hear from the Kentucky League of Cities (KLC) and the Kentucky Association of Counties (KACo) about their respective operational policy changes. He explained that the recent series of articles in the Lexington Herald-Leader regarding the abuse of spending by KLC and KACo has been troubling to the committee members and their constituents, therefore necessitating an informational hearing. Senator Thayer asked that the two organizations explain what happened and how, and to tell the committee what policy changes they are planning. He then recognized Representative Riggs for some comments.

Representative Riggs commented that he has worked with KLC and KACo for 20 years and that some innovative proposals and useful changes have occurred with their assistance that have benefitted lo-

cal governments over the years. He asked that the two groups keep on task to make policy changes that they see are necessary so the activities noted in the newspapers will not happen again. Representative Riggs noted that the elected officials of both organizations should be more involved with the operational policy changes.

Senator Thayer introduced Mayor or Connie Lawson, outgoing President of KLC, and Mayor Mike Miller, incoming President of KLC. Mayor Lawson told the committee that she was present on behalf of KLC's Executive Committee, the Board of Directors, the League's member cities, and staff. She thanked the committee for inviting KLC to come before them to discuss the recent media coverage involving KLC and the actions they have taken to improve policies and procedures. Mayor Lawson stated that the League is confident that these changes will make KLC stronger and more transparent to its members.

Mayor Lawson stated that KLC is governed by an 18-member executive committee comprised of mayors, city council and commission members and other officials from cities of all sizes across the state. She added that a 53-member board of directors, which includes representatives from various local government affiliate organizations, guides KLC's legislative agenda.

Mayor Lawson told the committee that over the past three months, KLC's Executive Board has formed two internal task forces: the Policies and Procedures Task Force and the Finance Task Force. She explained that the Policies and Procedures Task Force reviewed a wide range of KLC's operational policies in order to improve financial oversight and internal controls. In addition, Mayor Lawson said the task force compared the League's policies with the list of 28 recommendations for non-profit boards of directors issued by State Auditor Crit Luallen. She stated that the Finance Task Force was created to review future expenditures as they pertain to travel and meeting policies. Mayor Lawson pointed out that based on the recommendations from these task forces, on August 19, 2009, the executive committee unanimously adopted several new policies to govern KLC operations. She noted that the following policies are posted in full on KLC's website for members, as well as the public, to

view: (1) Credit Card Usage—allows revolving business credit cards to be issued to the executive director/CEO and other staff recommended by the executive director/CEO and approved by the executive board for purposes of operational expenses and meeting-related expenses; prohibits personal use of business credit card; requires review of the monthly credit card statement by the employee issued the card and the CFO. Regular Finance Committee review of all credit card statements on a quarterly basis at least; requires submission of receipts with pertinent information regarding business purchase and purpose required for reimbursement; (2) Work conduct and Conflict of Interest Policy for KLC Employees—requires employees to disclose potential conflicts of interest; requires all employees to annually complete and submit a KLC financial disclosure/conflict of interest form; establishes a reporting/complaint procedure if an employee becomes aware of a violation of the conflict of interest policy; revises policies relating to the receipt of gifts and defines the term "gift."; (3) Travel and Meeting Expense Policy—requires supervisor authorization for employee in-state and out-of-state travel; establishes procedures for making business travel arrangements; establishes standard per diem rates for employee meal reimbursement for out-of-state or overnight travel; requires written approval from executive management for reasonable business expenses incurred in meetings with guests of KLC; requires KLC employees not to be reimbursed for meals during in-state travel not requiring an overnight stay; incorporates process used for submitting and approving expenses reports, with proper documentation, into the employee handbook; and (4) the adoption of a Code of Ethics for KLC board members by the executive board in October, 2008. This code prohibits conflicts of interest and also prohibits board members from accepting gifts or other items of substantial monetary value for personal use from sources that have a business or financial relationship with KLC or is seeking to establish one.

Mayor Miller explained that the Kentucky League of Cities Insurance Services (KLCIS) is governed by a separate board of trustees. He said that group met August 13, 2009, and also took several actions of interest to the committee: (1) The KLCIS board voted to immediately suspend

use of the law firm Bowles Rice McDavid Graff & Love as claims counsel of which Sylvia Lovely's husband is a partner. The KLCIS board directed KLC staff to evaluate current member cases with Bowles Rice, and report back at the next board meeting with recommendations on how they should be handled in the best interest of the particular KLCIS member; (2) The KLCIS board voted to accept the recommendation from the Kentucky Department of Insurance to have its claims administrator, Collins and Company, cease the landlord/tenant relationship it currently has with the wife of KLC insurance pool administrator, Bill Hamilton. Collins and Company will vacate the property within a reasonable timeline, taking into consideration the need for uninterrupted administration of claims; and (3) The KLCIS board also voted to follow the recommended changes from the Kentucky Department of Insurance that creates a more distinct separation between the League's insurance business entity, and its other member service operations.

Mayor Miller told the committee that KLC believes that it has made significant progress in improving its operations and restoring any lost faith or trust in the organization. He added that KLC's Executive Director/CEO Sylvia Lovely, has announced her resignation and decision to pursue new opportunities after 22 years of dedicated service to KLC.

Senator Thayer commented that there is no doubt about the great services that KLC provides to cities. He asked about the future of the New Cities Foundation. Mayor Lawson stated that KLC's programs have not been broken down. She said the League is just addressing policy changes and finances.

Regarding the loan made to an executive to purchase retirement, Senator Thayer asked if the League was looking into that and if the loan was forgiven. Mayor Miller said a loan was made and payment of the loan was deducted from the salary, but that the loan was not forgiven. He added that he could get the documentation for committee members. Senator Thayer also asked if the League was going to continue the policy of giving loans to buy retirement. Mayor Miller said the full board will render a decision on that issue, but that he did not see it being continued.

Senator Thayer suggested that the League's expenditures be posted

on-line. Mayor Lawson agreed, adding that the League will continue moving forward and not wait for the audit to be completed by the State Auditor.

Senator Thayer asked if the League was going to be an agency that provides services to cities or be an insurance agency. Mayor Miller replied that the League has had conversations with the Department of Insurance on how to put up a firewall to do both. He noted that KLC is discussing that issue very seriously.

Senator Gibson asked how KLC's boards were formed. Mayor Miller said there is a general board consisting of 53 members and an executive board consisting of 18 members. Senator Gibson also asked how the insurance board is formed. Mr. Temple Juett, General Counsel for the League, stated that insurance board members are appointed by the executive board.

Senator Gibson asked if the League had looked at other states for executive board policies both in its current policies and in prior policies. Mr. Juett replied that the general personnel policies previously in place lent to some flexibility in the reimbursement of business expenses. He continued to say that the newer policies are an aggregation of some other states' leagues dealing specifically with per diems and expenses. Mayor Miller added that they have incorporated the applicable recommendations from the Kentucky Auditor's Office. He noted that they already were following a majority of the Auditor's recommendations.

Senator Gibson asked if there could be a conflict for members to serve on two boards and if members were paid for serving on the boards. Mayor Miller said there were no conflicts for members to serve on two boards and that board members were not compensated but did receive mileage.

Representative Crimm asked if the League's staff met with new board members to let them know what their responsibilities are going to be. Mayor Lawson stated that training has been one of her main goals and that she has wanted to have an annual retreat for new members.

Regarding the report of violations, Representative Riggs suggested that it would be a good idea to make sure persons reporting violations would be protected by the whistle blower statute.

Representative Riggs comment-

ed that he heard that KLC's board members are not involved in the League's operations as much as they should be.

Representative Riggs asked what the consequences were going to be for the ones who abused the spending. Mayor Miller stated that the Finance Task Force recommended that any charges that are questioned will be repaid immediately. He added that the League is taking the situation very seriously. Representative Riggs suggested that the consequences be in writing.

Representative Simpson commented that KLC's insurance operation concerned him. He asked if any consideration had been given to allowing persons with expertise outside of KLC to be a member of the insurance board. Mayor Lawson said they had not considered that but it was a good point.

Representative Simpson noted that he had prefiled a bill that makes entities whose employees participate in a state retirement system be subject to open records law. He suggested that KLC take the opportunity to review the bill and work with him on it.

Representative Keene commented that KLC has been beneficial to his career. He noted that most of the officials who serve on KLC's boards are volunteers and give up their time to serve. Representative Keene asked what the terms were for Sylvia Lovely's resignation. Mayor Miller replied that she will be paid her salary through December 31st.

Representative Hoffman asked if KLC had a mission statement. Mayor Lawson said they have always had a mission statement but are in the process of working on a new one. She said their current mission statement is: "KLC serves as the united voice of cities by supporting community innovation, effective leadership and quality governance." Representative Hoffman commented that he would like to see KLC get back to its humble beginning and that he feels their mission statement is still pertinent.

Representative Graham commented the League for making corrections and addressing questions that have been asked. He asked if there have been discussions within KLC about the possibility of having a limitation of terms on their board members.

Mayor Miller stated that there are term limits for board members. He said there is a maximum of two

year terms.

Representative Henderson commented that KLC needs to go back to just providing services. He said KLC has to learn from its mistakes, move on and re-build faith.

Senator Worley commended Mayor Lawson for the job she has done as president of KLC and for the City of Richmond.

Senator Thayer thanked Mayor Lawson and Mayor Miller for appearing before the committee and stated that he looked forward to working with the League.

Senator Thayer lastly introduced Mr. Michael Foster, President of KACo. Mr. Foster told the committee that the same management team that had recently come under fire in the media for mistakes and its failure to build appropriate internal management controls is the same team that has been creative and effective in creating strategies for providing superior member services. He noted that their failure has been not giving that same kind of attention to internal controls to insure appropriate spending on travel and marketing.

Mr. Foster pointed out that in March of this year, he asked the Board of Directors to adopt a travel and expense policy that required a monthly report of travel and entertainment expenses to be reviewed by both a newly established chief financial officer and the executive committee. He said, in his opinion, if this policy had been in place two years ago, it is very likely that most of the problems described in recent news reports would have never occurred in the first place. Mr. Foster hoped this new travel policy will help prevent abuses or suspected abuses in the future.

Mr. Foster stated that on July 23, 2009, he convened a special meeting of the Board of Directors where he proposed four significant initiatives that were adopted unanimously by the board: (1) creation of a management review and audit committee, which consists of three county officials with extensive backgrounds in accounting, business, or financial management which will be a standing committee that will monitor the internal financial operations of KACo; (2) appointment of former Madison County Attorney and Inspector General for the Transportation Cabinet, Bobby Russell, to perform a management review of the organization, review the overall management of the organization, and offer recommendations concerning meaningful

oversight and procedures concerning the internal management of KACo; (3) full cooperation with work being done by State Auditor Crit Lual-len and her staff, who are currently reviewing the records of KACo in an effort to provide them with recommendations as to the best practices necessary to make the organization efficient and accountable; and (4) the elimination of traveling credit cards with travel being processed by way of direct bill or completed travel reimbursement vouchers, review, and subsequent approval if appropriate.

Mr. Foster assured the committee that both KACo's executive committee and the full board of directors are attempting to address the issues of internal financial management in a very serious and comprehensive manner.

Senator Thayer commented that he disapproved of KACo advertising at UK ballgames. Mr. Foster assured Senator Thayer that there would be no more advertising.

Representative Riggs commented that the challenges KACo face may go beyond what the board can control. He asked Mr. Foster to describe the board makeup. Mr. Foster said that the board has 34 members and a five-member executive committee. He noted that affiliate organizations, such as the sheriffs, county judge/executives, etc., have representatives on hand.

Representative Riggs asked if the board members are compensated. Mr. Foster said he believed they were paid \$100 plus mileage.

Representative Riggs asked if Mr. Foster agreed with the 28 recommendations from the State Auditor's office. Mr. Foster said they were excellent recommendations and should be implemented although some may not be applicable.

Representative Riggs commented that it seemed to him like all of the responsibility was being put on the board and not the staff. He asked Mr. Foster if he thought the board was too big. Mr. Foster said the challenge is to find a balance and that they do want much input. He said this could be addressed in their management review.

Representative Riggs asked if there would be consequences for the ones who abused the spending. Mr. Foster replied yes, and that they will look at all aspects.

Senator Schickel asked if KACo has researched to see if selling insurance is still necessary. Mr. Foster

stated that he tells counties if they can get a better opportunity for insurance other than KACo to take it.

Senator Schickel stated that there is a temptation to turn many board decisions over to staff. He added that there has to be consequences for the spending abusers.

Representative Koenig asked if someone from KACo was going to take responsibility as the management did in KLC's situation. Mr. Foster replied that they were "committed to righting the ship."

Regarding board composition, Representative Simpson asked if any consideration had been given to opening the board to non-elected members. Mr. Foster replied that they would give consideration to that suggestion.

Regarding insurance, Representative Simpson asked if KACo was governed by the same rules as KLC. Mr. Foster replied yes, that KACo is audited by the Department of Insurance. Representative Simpson also asked if there was a separate board for insurance. Mr. Foster said, "Yes."

Representative Hoffman asked if KACo had a mission statement. Mr. Foster said KACo's mission statement is "KACo is dedicated to serving all Kentucky counties by providing the highest quality programs/services and advocating legislative solutions for Kentucky's counties both today and tomorrow." Representative Hoffman commented that KACo needs to return to the basics.

Representative Denham commented that revolving credit cards are the real source of the problem. He said they should be eliminated or there should be a strict policy in place.

Senator Reynolds commented that board members should know the roles of their staff and that it is important to give proper training to board members. He added that it takes time for board members to acquaint themselves with the issues facing them.

Representative McKee commented that it is important for both KLC and KACo to move forward and correct the problems. He suggested that both organizations report back to the committee at a future meeting.

Senator Thayer asked Mr. Foster what, in KACo's opinion, necessitated the construction of a new \$12 million headquarters. Mr. Foster said there was not enough room, that they simply outgrew the other facil-

ity.

Senator Thayer inquired about the reported expenditures on criminal defense of local officials. Mr. Foster responded that the county would absorb costs only when the official issued in his or her official capacity. When named personally, he said the county does not pay. Mr. Foster noted that this aspect of paying for personal liability in insurance is thought to remove impediments to service. He added that this was the thought behind the service and did not know if it was a good policy or a bad one. Mr. Foster stated that any fine levied by the courts to officials found guilty is not covered by the insurance.

Representative Crimm suggested that KACo come back in a couple of months regarding the credit card situation. Mr. Foster said that they would be glad to come back.

There being no further business, the meeting was adjourned at 12:30 p.m.

INTERIM JOINT COMMITTEE ON NATURAL RESOURCES AND ENVIRONMENT

Minutes of the 2nd Meeting
of the 2009 Interim
August 28, 2009

The 2nd meeting of the Interim Joint Committee on Natural Resources and Environment was held on Friday, August 28, 2009, at 9:30 AM, at Jenny Wiley State Park in Prestonsburg, Kentucky. Senator Tom Jensen, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Tom Jensen, Co-Chair; Representative Jim Gooch Jr., Co-Chair; Senators Ray S. Jones II, Dorsey Ridley, Brandon Smith, Gary Tapp, and Johnny Ray Turner; Representatives Hubert Collins, Tim Couch, Keith Hall, Tim Moore, Don Pasley, Kevin Sinnette, Fitz Steele, Jim Stewart III, and Robin L. Webb.

Guests: Charles Baird, Action Now; Dr. Karen Alexy and Darin Moore, Kentucky Department of Fish and Wildlife Resources.

LRC Staff: Tanya Monsanto, Stefan Kasacavage, D. Todd Littlefield, Taylor Moore, Susan Spoonamore, and Kelly Blevins.

Sen. Jensen recognized Rep. Keith Hall for a roll call of members of the Special Subcommittee on Energy. After gaining a quorum, the July minutes for both the Interim Joint Committee on Natural Resources and Environment and the Special Subcommittee on Energy were approved. Rep. Hall recognized

Mr. Jim Baird who spoke on behalf of Action Now, an organization that promotes coal education and policy issues. Mr. Baird discussed the relationship of coal to cheaper energy in Kentucky. There is an effort to redistribute the cost of energy across the nation. Kentucky is a single industry economy and it is predicated on coal. Coal miners can earn \$60,000 to \$100,000 per year and this helps the coal mining region of the state. Mr. Baird also discussed mine safety issues. He stated that compared to other industries, coal mining has fewer deaths. Coal mining is safer than other noncoal industries but the risks are overly dramatized in the press. Then Mr. Baird discussed problems with obtaining mining permits. He said that Commissioner Campbell is doing a good job but there are still too few employees in the permit section. The industry has agreed that it is good to raise fees, but everyone must ensure that the additional cost is devoted to paying permit reviewers. Finally, Mr. Baird discussed the number of inspections in the coal industry. This places an undue burden on the mines. Related to that issue is the mine rescue teams, which Mr. Baird described as the best in the nation, but the training requirements for those teams could be augmented to better serve both training and inspection requirements.

Rep. Hall interjected that Kentucky's mine safety teams are made up of state employees but inquired as to what happened with the Miner Act that has placed these teams in jeopardy. Mr. Baird followed stating that Kentucky offered an amendment to the Miner Act which allowed the state teams to qualify for the training requirements. However the amendment was blocked and the intent, Mr. Baird concluded, was to eliminate some small operators which represent some 64% of the mines in the state.

Rep. Hall concurred and asked about the plan for mine safety. Mr. Baird stated that the industry is looking at retirees as personnel and finding funding for them. However there is a problem of double inspections between the state and federal level.

Sen. Jones stated that the double inspections have led to some operators going out of business. Mr. Baird explained that not everyone on staff is a miner; some are emergency mine technicians (EMTs). Then Mr. Baird discussed climate change and

the impact of cap and trade on the economy. He recommended that staff study cap and trade; evaluate its impact on the Kentucky economy; evaluate the Office of Mine Safety and Licensing, and sit down with industry to figure out how to make the state better.

Sen. Jensen stated that there may be legislation to address these issues in January. Rep. Gooch stated that he wanted to review the mine safety laws and to know exactly what is involved with a general inspection.

Then Sen. Jensen introduced Darin Moore and Dr. Karen Alexy to discuss a study conducted pursuant to House Joint Resolution 130. This study examined ways to reduce vehicle collisions with deer. The department spent a year working with the Transportation Cabinet and made a series of recommendations.

Dr. Alexy provided a quick summary of the study's highlights. The deer population has stabilized in part from thinning the herds by hunters. Deer-vehicle collisions have reduced in part to the herd reductions. The department created zones for intensifying deer reductions. To date, the department is conducting deer public meetings to get the public involved in managing the problem. The message is that when deer are active in the fall, drivers must be more vigilant. The department investigated counter measures such as deer crossings, plantings on roadsides, fertilizers as deer repellent, and fencing. None of those measures had good success; now the department is looking at bow hunting along highways.

Rep. Collins mentioned the regulations on the agenda pertaining to elk permits. Mr. Darin Moore commented that there is an elk depredation hunt. The hunt will be expanded and the permits will be drawn from the elk zone residents only. The hunt will begin in 2010.

Rep. Couch asked about the procedures for the deer draw and whether it should mirror those for the elk depredation hunt. Dr. Alexy replied that there are differences between the two hunts. The department has evaluated different systems such as preference points and if implemented the chance of getting drawn is very low. The department is concerned that expectations would be soured towards hunting in Kentucky because the odds of being drawn would change for the worse.

Rep. Couch commented that

paralleling the two systems would be better. Dr. Alexy responded that the department is examining bonus points and other ways to improve the odds and help local hunters. The department is also looking at re-entry restrictions after having been drawn.

Rep. Riner asked if the department is taking measures to stimulate interest in hunting from populations in urban areas where there is no history of hunting. Dr. Alexy replied yes.

Then, Sen. Jensen thanked the Fish and Wildlife staff and asked members of the Kentucky Geological Survey (KGS) to give a brief update on Senate Joint Resolution 67. Brandon Nuttall with KGS discussed a well site drill in Hancock County where CO2 was successfully injected into the well. It is shut in while KGS applies to the Department of Energy to further test the well and hope to receive further funding. He also stated that work continues on SJR 67 to assess state-owned lands for oil and gas. The GAPS system is in good shape and he noted they are trying to integrate the data and finish the report by December.

Sen. Jensen asked if the test in Hancock County was carbon sequestration. Mr. Nuttall replied yes. Rep. Adkins mentioned that the test was a part of House Bill 1; it was a requirement to conduct a study. The General Assembly used 1.5 million to do an 8.3 million dollar project. He then asked Mr. Nuttall if KGS did another test in Hopkins County. Mr. Nuttall replied yes, it was at Sugar Creek Field in Hopkins County. They injected water first to demonstrate that the field would take fluids. It went into the Knox formation to ensure that the CO2 would inject. They then injected 323 tons or 4 barrels of CO2 per minute. Rep. Akins followed that this is cutting edge research and asked when KGS will conduct east Kentucky projects. Mr. Nuttall replied that they are seeking funding from United States Department of Energy and then they will drill a well. He noted there will be a devonian shale test and the results will be published in September.

Rep. Gooch commended KGS and asked Deputy Secretary List to comment. Secretary List stated that mining issues can be addressed by putting together a working group comprised of leaders in the coal industry and the cabinet. He also agreed that Kentucky's mine rescue teams are the best in the nation and

that policy needs to be continued.

Rep. Webb then addressed the committee stating that it was her last meeting as a representative after being elected to the Senate. She addressed the difficulties of the election and commented on the importance of having served on the Natural Resources and Environment committee.

There being no further business the committee adjourned to tour a local coal mining site.

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

**Minutes of the 2nd Meeting
of the 2009 Interim
August 13, 2009**

The 2nd meeting of the Interim Joint Committee on Veterans, Military Affairs, and Public Protection was held on Thursday, August 13, 2009, at 1:00 PM, in Room 154 of the Capitol Annex. Representative Tanya Pullin, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Elizabeth Tori, Co-Chair; Representative Tanya Pullin, Co-Chair; Senators Perry B. Clark, Julie Denton, Carroll Gibson, Denise Harper Angel, Vernie McGaha, Joey Pendleton, Jack Westwood, and Ken Winters; Representatives Tom Burch, Mike Cherry, Larry Clark, Leslie Combs, Tim Couch, Ron Crimm, Robert R. Damron, Myron Dossett, David Floyd, Jeff Greer, Jimmie Lee, Tim Moore, Rick G. Nelson, Fred Nesler, Sannie Overly, Tom Riner, Carl Rollins II, Steven Rudy, Sal Santoro, Charles Siler, Dottie Sims, Ancel Smith, John Tilley, and Alecia Webb-Edgington.

Guests: Adjutant General Edward W. Tonini, Steven Bullard, Kentucky National Guard; Commissioner Ken Lucas, Deputy Commissioner Margaret S. Plattner, David Worely, Jeff Acob, Kentucky Department of Veterans Affairs; Carlos Pugh, JECVO; Commander Shedrick, J. Jones, Sr. & Donald Chaves, NABVETS; John O. Marsh, VFW 4075; Don Dixon, JECVO; and Eric Clark, KAHCF.

LRC Staff: Erica Warren, CSA, Mustapha Jammeh, Tiffany Opii, Clint Newman, Frances Jordan, and Rhonda Schierer.

Chair Pullin requested an amendment to the July meeting minutes. The correction was noted and there being no additional changes, a motion was made to approve the min-

utes as amended. The motion was seconded and the minutes were approved as amended by a unanimous voice vote.

Chair Pullin announced that the VMAPP September meeting will be in Louisville and the October the meeting will be in Western KY.

Chair Pullin welcomed Major General Edward W. Tonini. Gen. Tonini spoke to the committee about the Kentucky National Guard, the Post 911 GI Bill, and a brief legislative agenda. General Tonini discussed the year's events. He stated that they have proudly continued their strong tradition of community support for response to the winter storm, flooding, and tornado events and have just completed pandemic influenza and Midway College Terrorism Response Exercise. He discussed the deployment of Kentucky's first Afghanistan Agribusiness Development Team which is composed of 64 soldiers and airmen. The Agribusiness Development Team's mission is to teach the citizens of Afghanistan to be agriculturally self-sufficient and develop their agricultural marketplace. The Kentucky Agribusiness Development Team will fall under the umbrella of Brigadier General Lonnie Culver, Commander of Joint Task Force Cyclone, who will oversee 4,000 troops in 4 provinces in Afghanistan. Gen. Tonini stated that to date, the Kentucky National Guard has mobilized nearly 14,000 soldiers and airmen and deployed almost 12,000 of them since 9/11. Gen. Tonini stated that he is scheduled to travel to Iraq to visit 4 units that are deployed there.

Gen. Tonini stated that at the beginning of the Federal Fiscal Year, October 1st, the Kentucky National Guard will gain 78 full time hires. Gen. Tonini stated that he would be happy to speak to any or all of the committee members regarding their state and national missions.

Gen. Tonini reviewed the GI Bill which grants higher education benefits to veterans involved in post 9-11 conflicts. He stated that the federal government expects to spend \$78 billion on this program over the next decade. The VA is charged with the administration of the program and has issued its first payments to colleges and universities on August 1, 2009. He added that it is estimated that the bill will help a quarter million veterans attend colleges and universities by 2011, but that it is a complicated benefit with numerous variables to consider. He stated

that he is not yet prepared to answer all of the potential questions of how it affects the National guard Tuition Assistance Program, but he would like to come back with more detailed analysis in the near future.

Rep. Floyd asked what percent of the 2,000 guard and air guard are full-time. Gen. Tonini stated 25 % are full time.

Rep. Burch asked if there are exemptions in the bill for disabled soldiers who were in combat for a short period of time and if so, would they receive full benefits. Gen. Tonini stated that anyone who is disabled by virtue of the period of time will be eligible for full benefits if they have served at least 30 contiguous days on active duty.

Co Chair Tori asked about recruiting efforts. Gen. Tonini responded that they are at 100 %.

Rep. Moore asked about guard members' benefits being transferable to spouses and children. Gen. Tonini stated that it would be conditional and one would have to look at all the nuances.

Rep. Siler asked about school contributions relative to the GI Bill and the variance between how much each school contributes. Gen. Tonini said that is a very complex issue but one can go to any school including private or web-based learning programs. Chair Pullin added that committee staff could get a more detailed piece of information if that would be acceptable to Rep. Siler. Rep. Siler agreed.

Gen. Tonini went over the legislative agenda for the 2010 legislative session. He briefed the committee on the state tuition program and said he will discuss it more thoroughly at the October meeting. He spoke on the Military Family Assistance Trust Fund and stated that they will renew their support for legislation proposed last year that relaxes restrictions on the MFAST usage year to give more flexibility for soldiers to qualify for funds for a longer period of time when they return home. He added that they have found that when soldiers come back from war, the first 60-90 days does not cover the most critical period that soldiers go through and they would like to see it extended. Also they would like to make it available to units to afford coming home in-between deployments. Gen. Tonini stated that at the request of the Personnel Cabinet, they are working with Sen. Tori to clarify KRS 61.394 which specifies that they have 15

working days vs. 21 days for annual military leave for state employees. He stated that previously soldiers did their annual training and thus were given time off by the state during a confined 2 week period but that now it is done a few days at a time all year long and that is why they are asking for the law to be changed to reflect the federal law. Gen. Tonini stated that they have minor legislation such as bicentennial legislation for the War of 1812 and noted that 63% of all of the soldiers that were killed in that war were from Kentucky. Also, Gen. Tonini noted that 150th Anniversary of the Civil War is rapidly approaching and they would like for the General Assembly to consider a commission for that as well.

Gen. Tonini stated that there will be much more targeted information at the Wendell Ford Training Center and more specific answers to a full range of their legislative priorities.

Chair Pullin welcomed Carlos Pugh of the Joint Executive Council of Veterans Organization (JECVO). Mr. Pugh introduced Conrad John Toy, a Pearl Harbor survivor originally from Mt. Sterling, Kentucky. Mr. Pugh stated that JECVO covers about 25 organizations which cover 340,000 veterans from the Commonwealth of Kentucky. He added that they are proposing the merit hiring bill in 2010, adding that is no money attached to it and it only pertains to veterans of the Commonwealth of Kentucky. Rep. Cherry commented that he has sponsored that bill previously and that it will be prefilled again. He also stated that the Personnel Cabinet is already implementing the policy by executive order, but expressed the importance of getting it into a statute.

Mr. Pugh stated that their second legislative priority is the bingo pull tab machine at veterans' service organizations. He added that it is a legal machine now, but they can only use it during the hours of bingo. They would like to use the machine during all hours of the operation of the post. At present, they can only use the pull tab machine for 4 hours. He added that 40% of the money from the pull tabs goes back into the community.

Mr. Pugh added that the third legislative priority is the video game machines in the VFW post. He presented the members information in their folders of detailed information on video game machines. He ended by stating that they support fully

funding Kentucky Department of Veterans Affairs (KDVA) which includes the veterans' cemeteries and nursing homes. Chair Pullin stated that the Veterans Cemetery North East ground breaking ceremony will be September 18 and she invited all committee members to attend.

Chair Pullin called on the representative from the National Association for Black Veterans (NABVETS) to introduce themselves and that the committee looked forward to hearing from them. Commander Shedrick Jones, Sr., State Commander for the NABVETS in Kentucky introduced himself and Donald Chaves who is a volunteer and Sergeant At Arms. Commander Jones stated that NABVETS came into Kentucky in October of 2008. He stated that their target is to have a minimum of 12 chapters across Kentucky. Commander Jones discussed the differences between NABVETS and other VSO's. He added that one of their initiatives in Jefferson County is called Lights of Honor. They try to identify areas such as bus stops that do not have street lights. He added that unincorporated areas do not fall under the city of Louisville's budget. Those areas have to pay out of pocket to get a street lights and NABVETS dedicates every light that is placed in honor of a deceased veteran. They have participated in back to school programs and many other community activities. NABVETS have 60 chapters around the United States. It was organized in 1969 and approved by the Department of Defense in 1973. Commander Jones stated that NABVETS would like to have support to build a veterans seniors high-rise in Jefferson County and also an official homecoming for Vietnam veterans. He added that they have concerns for senior veterans who are not equipped to go online to get the help they need.

Co-Chair Tori asked what their current membership is. Commander Jones stated that there are 63 members. Senator Tori asked if there are any other organizations set up in Kentucky other than Jefferson County. Commander Jones stated that there is one in Middlesboro which was the first chapter in Kentucky. Co-Chair Tori stated that it would be nice for them to come back again in the future and tell the committee about their growth and about their sources of income. Commander Jones stated that they are completely self supportive through donations and

fund raisers.

Chair Pullin called on the Kentucky Department of Veterans Affairs. Commissioner Ken Lucas introduced himself and introduced Margaret Plattner, Deputy Commissioner and David Worley, Veterans Nursing Home Director. Commissioner Lucas discussed the KDVA's mission to support Kentucky's veterans. He stated that the universities around the state are gearing up for a special department setup for the returning veterans. He said that despite the budget cuts they are going to see that veterans get the benefits that they deserve.

Deputy Commission Margaret Plattner briefly spoke on legislative priorities. She stated that their highest priority is the veterans preference bill. They are hoping to have up to 5 veterans interviewed for each state employment position. She stated that KDVA is also interested in legislation for a conservator program. A conservator would be appointed by a judge to manage the financial affairs of a veteran who is not able to do so alone. She added that other states have this type program and they would like to model themselves accordingly. The third legislative priority is the disabled veterans' license plates. She stated that currently veterans are limited to 2 license plates and they want them to be allowed as many as they need.

David Worley briefed the committee on federally run Community Based Out-patient Clinics (CBOC). He stated that CBOCs that have opened up in Kentucky include ones in Mayfield, Carrollton, and recently in Hopkinsville. There are over 20 CBOCs located in Kentucky at this time to help prevent veterans from having to drive to the VA hospitals. David Worley touched on the H1N1 virus and stated that they are staying abreast on the issue but have not had a major issue in the nursing homes. Mr. Worley stated that on August 22nd, the Thompson-Hood Veterans Center will have a veteran appreciation day and all veterans are welcome to a free lunch and an opportunity to spend time with other veterans there. He added that on September 11, 12, & 13th, the Vietnam traveling wall will be at the nursing home in Hazard.

Jeff Acob, KDVA Cemeteries Director, gave a brief update on the new cemetery in Greenup County.

Rep. Floyd asked Deputy Commissioner Plattner about conserva-

tors and specifically who would be managing the affairs of the veterans. She stated that they have an attorney that would appoint the conservators. Commissioner Lucas stated that if KDVA is appointed the conservator the very minimum would be taken from the veteran for services they provide.

Rep. Crimm asked about the status on the new VA hospital in Louisville. Commissioner Lucas stated that there are 3 different alternative locations being considered, to stay at Zorn Avenue with inpatient and outpatient, to go downtown with the whole operation adjacent to the University of Louisville and other hospitals, or to go downtown with the inpatient part and the outpatient would remain at Zorn Avenue or be elsewhere. Commissioner Lucas stated that he felt that it would be best to have inpatient care downtown with all the other hospitals where there is special equipment available, and to leave the outpatient care at Zorn Avenue since there are 8 or 10 times more outpatient services needed and that location has easier parking. Rep. Crimm agreed. Rep. Burch also agreed with having outpatient at the Zorn Avenue location.

Rep. Cherry stated since members of the committee from Louisville are in agreement about the VA hospital options, committee staff should prepare a resolution from the committee to propose that it be done. Chair Pullin stated that the committee will be meeting in Louisville in September and that would be a good time for staff to have that resolution prepared so that the committee can approve it while meeting on veterans issues.

Chair Pullin announced there will be out of town meetings in September and October for our committee.

There being no further business, the meeting adjourned.

INTERIM JOINT COMMITTEE ON STATE GOVERNMENT Minutes of the 2nd Meeting of the 2009 Interim August 26, 2009

The second meeting of the Interim Joint Committee on State Government was held on Wednesday, August 26, 2009, at 1:00 PM, in Room 154 of the Capitol Annex. Senator Damon Thayer, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Damon Thayer, Co-Chair; Representative Mike Cherry, Co-Chair; Senators Walter Blevins, Jr., Ernie Harris, Mike Reynolds, and Elizabeth Tori; Representatives Eddie Ballard, Dwight Butler, John "Bam" Carney, Larry Clark, Leslie Combs, James Comer, Jr., Tim Couch, Will Coursey, Joseph Fischer, Danny Ford, Derrick Graham, Mike Harmon, Charlie Hoffman, Jimmie Lee, Mary Lou Marzian, Brad Montell, Lonnie Napier, Sannie Overly, Darryl Owens, Tanya Pullin, Tom Riner, Carl Rollins II, Steven Rudy, Sal Santoro, Kent Stevens, John Tilley, Jim Wayne, Alecia Webb-Edgington, Ron Weston, and Brent Yonts. (Representative Bob Damron also sat in with the Committee.)

Guests: Mike Burnside, Adam Tosh, and Randy Overstreet - Kentucky Retirement Systems; Gary Harbin, Kentucky Teachers' Retirement System.

LRC Staff: Judy Fritz, Kevin Devlin, Brad Gross, Alisha Miller, Greg Woosley, Bill VanArsdall, and Peggy Sciantarelli.

The minutes of the July 29 meeting were approved without objection, upon motion by Representative Rudy.

Representative Comer recognized a guest in the audience from his district, Greensburg Mayor George "Lisle" Cheatham.

The Co-Chairs announced plans for the Committee to meet in Princeton, Kentucky, sometime during October. Representative Cherry said the meeting would include a debriefing from local and state officials regarding the emergency response to the January ice storm.

First on the agenda was a status update on Kentucky Retirement Systems (KRS) investments, finances, recent real estate transactions, and plan governance. Mike Burnside, Executive Director, and Adam Tosh, Chief Investment Officer, gave the report. The main topics of their PowerPoint presentation were Investments, Actuarial Projections, and the Holly Hill Church Transaction.

Mr. Tosh discussed investment allocation and performance as of June 30, 2009. In summary, he said that it has been an extremely turbulent year for the economy, in which interest rates fell hundreds of basis points, stock markets plummeted around the globe, and assets declined in value across the board. A benefit of KRS investments is that they have been broadly diversified. Both U. S. and in-

ternational markets have rallied.

Mr. Tosh said that the Pension Fund was slightly overweight with respect to U. S. and non-U. S. equity markets but was slightly underweight in Treasury Inflation Protected Securities (TIPS). Alternative allocations were underweight, but it takes several years to build up an alternative allocation. Cash was slightly over the benchmark, partly because KRS took a more defensive position with its cash holdings over the time period. The KRS Pension Fund had a market value of \$9.81 billion as of June 30, 2009 and a -17.21 percent rate of return. The rate of return for the performance benchmark was -14.88 percent. Mr. Tosh said he is rather pleased with the results, given the economic freefall that the U. S. and global markets were experiencing at the time. He said the numbers for June 30 have not been released yet, but preliminary indications are that KRS fund performance should rank in the top third of all state pension plans. He noted that for the same time period California's funds were down 23 percent and 25 percent. Harvard and Yale endowments had similar negative returns. Over the fiscal year, KRS pension fund performance tracked close to the benchmark in both U. S. and international equities. There was greater deviance from the benchmark in Core Fixed Income. Exposure to subprime securities, however, was rather muted and not more than 9/10 percent of Fixed Income. KRS has taken steps to evaluate the Fixed Income managers and restructure fixed income. While the managers' performance was average, the performance was still poor, and KRS is actively seeking to retain managers that have had better performance. Mr. Tosh said that the greatest divergence was in Alternative Asset performance, which could be partially because privately held corporations are slower in reporting than publicly held companies.

Representative Cherry asked for more information about the benchmarks. Mr. Tosh said that the KRS benchmarks are accepted as industry-wide standards. They are publicly available, are not proprietary in any way, and are broad and open. Some of the benchmarks used are the S&P 500, the MSCI world index funds, and the Barclays Aggregate. KRS uses three organizations as consultants: Harvey Coons is the general consultant; SIS is an alternative consultant; and ORG is the consultant for real

estate investments. These consultants also handle accounts for other public pension plans, endowments, and corporations. KRS makes recommendations to the Investment Committee, based on the consultants' analyses and recommendations and those of KRS staff. Mr. Tosh said he expects that other states are using similar or identical benchmarks.

Representative Montell asked whether it might be preferable to invest in the indexes without using managers and having to pay management fees if KRS is not going to outperform the indexes. Mr. Tosh said there are points in time when indexation can add value, while there are other points in time when active management can add value. He said KRS is diversifying exposure, but it is the combination of all the different factors that hopefully will outperform over time. He said that if the market decline was a long-term trend, indexation might be better; but given the opportunity that is available in the market—especially after the recent volatility—there is a great opportunity for investors to be able to find real bargains. Another aspect is that with indexing only, performance will ride up and down with the market. KRS believes that, over time, active managers have demonstrated the ability to add value, to provide defensive protection when markets fall, and to outperform when markets are rising. Representative Montell said he agrees with Mr. Tosh but would like to see the managers outperform the indexes. Mr. Tosh said that KRS is trying to ensure that it has managers with a higher probability of achieving outperformance.

Representative Wayne said he understands that total investment losses for FY 2009 were about \$2 billion and that the underperformance to the benchmark was about one quarter of a billion dollars. He also said he understands that one of the investment managers for the past two and one-half years performed \$40 million below the benchmark. He said he is concerned that KRS performance in the market is not what it needs to be and that something is wrong within the System. He asked whether there is an investigation going on internally to determine why the investment managers are doing so poorly—and whether there may be a need for the legislature to get more involved. Mr. Tosh said he does not know of an investigation but that he and his staff are continuing to look at how the

managers are performing and reacting to the market.

Mr. Burnside said that just in the last month the Investment Committee has taken action to replace its underperforming managers—especially in the Fixed Income portfolio. He also stated that the current underperforming money managers had been recommended because they had very good performance ratings at the time. He said that KRS is looking at ways to improve performance of the portfolio and is also doing another asset/liability modeling study with the general consultant that was hired about a year ago. Representative Wayne said that is comforting but that considering the seriousness of the issue and the negative press reports in recent weeks, it will be important to know who is being replaced, as well as the history and resumes of the new managers. Mr. Tosh said that information is publicly available. He explained that recently KRS has terminated managers Baird and Pyramis and replaced them with SIMCO. He said that firing Baird was a relative value decision. Although Baird did not lose money for the System, KRS felt that there are other managers who can perform better. Representative Wayne complimented Mr. Tosh for the efforts of his office and urged him to regularly keep the legislature informed. Mr. Tosh said that he and Mr. Burnside would be more than willing to work along those lines.

Mr. Tosh discussed the Insurance Fund. He explained that it is structured differently than the Pension Fund. He said that insurance obligations have a longer duration and, because of the nature of health care inflation, the portfolio is higher risk, with the potential for greater return. There are no Core Fixed Income holdings within the insurance fund allocations. It does hold Treasury Inflation Protected Securities, which are a type of fixed income instrument. Because it is heavily weighted to equities, it is easy to track the performance of the portfolio relative to the benchmarks. He went on to say that KRS is trying to build up the Fund's alternative assets. An overweight to cash has been employed to act as a cushion, since there are no fixed income securities to protect against market turmoil. Negative returns in the Insurance Fund are considerably greater than in the Pension Fund because it has such a high concentration in the stock market. The total

fund return for FY 2009 was -23.18 percent, which tracks relatively well to the benchmark.

Representative Webb-Edgington asked how the Pension and Insurance Funds ranked when compared to other states. Mr. Tosh referred to charts entitled, "Return Comparison as of 03/31/09." He said that June data is not yet available for the Pension Fund, but indications are that KRS will compare well for the end of June. The Pension Fund performance's percentile rank as of March 31 was 24.00, which placed it in the upper quartile of public pension plans. He said that, unfortunately, there are no accurate comparisons for state insurance funds only, since other states do not prefund their insurance fund. Regrettably, they have to be measured against public pension plans, which is not the best measure, since they are the antithesis of each other. Returns on the insurance side do not look very good because it is highly concentrated in equities, and the diversification and cash flow movements are not there.

Mr. Tosh said that, while it appears the recession may be coming to an end, neither the U. S. nor the global economy are out of the woods. He said KRS is working diligently to position the portfolio so that it can fare in multiple types of economic environments. With the diversification that is being built into the plan, the hiring of other managers, and efforts to find the best strategies, KRS hopes for a greater likelihood of achieving its objectives.

Mr. Burnside discussed actuarial projections. He said that the estimated actuarially required contribution (ARC) rates presented today have not been officially adopted by the Board for next year because they have not had the benefit of a full actuarial valuation for the year which ended June 30. They are provided as a projection and include FY 2009 investment returns and updated actuarial assumptions that the Board adopted on August 20. They also include the impact of the Employee Group Waiver Plan. The projections may change, once final actuarial valuation is complete.

Mr. Burnside said that last year's Public Pension Working Group noticed that there may be some demographic differences in actual plan performance over the last three years that differed slightly from the actuarial assumptions. He said the actuarial experience study provided

to the Board last week documented slight differences in projected pre-retirement mortality rates; withdrawal rates—which were up; disability retirements—which were lower; and salary increases. Applying the changes adopted by the Board last week to 2008 data produces a slight improvement in funding ratios and employer rates. Though not enough to offset the investment returns, it was felt to be important to incorporate those changes into the System in order to provide as valid data as possible.

Mr. Burnside said that through the Employee Group Waiver Plan, KRS has a direct contract with CMS (Centers for Medicare and Medicaid Services) that allows the Medicare drug subsidy to apply directly toward offsetting the health insurance unfunded liability. He said this means that in October, after the actuarial valuation, KRS should see a reduction of approximately \$1.5 billion in that unfunded liability as a result of the subsidy.

Mr. Burnside discussed estimated ARCs for KERS (Kentucky Employees Retirement System) and SPRS (State Police Retirement System). He said the presentation does not include numbers for CERS (County Employees Retirement System) because the legislature does not develop the budget for that system. Looking at KERS Nonhazardous, he said that the projected total ARC for the Pension Fund—20.09 percent of payroll for FY 2011 and 22.29 percent for FY 2012—would be smoothed over a five-year period. The projected ARC for the Insurance Fund is calculated in the same manner, with the exception that the discount rate—the assumed investment rate for insurance—is not as high as it is for the Pension Fund, which has an assumed 7.75 percent rate of return. He said that even though the Pension Fund lost over 17 percent last year, the assumption is 7.75 percent because investments are viewed for a 30-year horizon. The actuary uses the assumed inflation rate of 3.5 percent and adds to that the real rate of return, which is assumed to be 4.25 percent. He said that the insurance rate, because of GASB (Governmental Accounting Standards Board) rules, cannot be figured at the full 7.75 percent. Under the House Bill 1 phase-in (enacted in the 2008 Special Session), the combined projected total ARC would be 16.04 percent for FY 2011 and 18.60 percent for FY 2012. The rate is currently 11.5 percent.

Mr. Burnside said that the estimated rates have not been vetted through the KRS Board but that the actuary should be proposing rates close to these to the Board in November after completion of the actuarial valuation.

Looking at KERS Hazardous, Mr. Burnside stated that under the House Bill 1 phase-in, employers are currently paying 24.69 percent; next year they are supposed to pay 76 percent of the ARC, which would increase the rate to 25.43 percent. The following year it would increase to 27.71 percent, or 79 percent of the ARC.

Mr. Burnside said that in SPRS employers are currently paying 33.1 percent of payroll. To meet the schedule of House Bill 1, using current actuarial projections, that rate would increase to 51.7 percent for FY 2011 in order to meet retirement obligations. He said these estimates reflect pretty dramatic increases and were done without the benefit of an actuarial analysis for FY 2009. He stated again that the rates have not been adopted by the Board and are for planning purposes only.

Representative Owens, noting that the ARCs will not be fully funded under the provisions of House Bill 1, questioned whether the system could become a "train wreck" at some point. In response, Mr. Burnside said he has asked the actuary to update a letter he did about three years ago for the Blue Ribbon Commission. The actuary has been asked to estimate what the funding ratios would be and when the fund would be depleted, based on two separate calculations—(1) assuming the system is funded according to House Bill 1; and (2) if the calculations in House Bill 1 are not met and funding is continued at the current rate of 11.5 percent with no increase. Representative Owens asked whether the significant decrease in investment return could shorten that window and whether the projections would include the recent investment losses. Mr. Burnside said that the actuary's projection will include the full valuation of the fund as of June 30, 2009. Representative Owens asked whether the Committee can have a copy of that information as soon as it is available. Mr. Burnside said he would furnish it to the Committee but that it will probably be late October before the full valuation results are ready. Senator Thayer asked Mr. Burnside to forward the information to committee staff.

Representative Cherry said he would consider it a "train wreck" only if the state were to stop paying retirement benefits, which he does not expect to ever happen. He said that as long as funding continues to progress as outlined in House Bill 1, he believes the system will be okay. He said that, hopefully, this will be helped through improved investment performance. Representative Owens stressed the importance of determining actuarially where the system is headed and what needs to be done. Mr. Burnside said he had just returned from a national conference with other retirement administrators, where it was generally conceded that retirement systems can no longer rely on investments to solve funding problems. To keep a system viable will require a combination of strong investments, control of expenditures, control of health care, and employers meeting required contribution rates.

The next topic discussed was the Holly Hill church transaction. Mr. Burnside briefed the Committee on the timeline and details of KRS's purchase of the church property from Dr. Caroline Taylor in February 2006 for \$752,502.47. Dr. Taylor had paid \$450,000 for the property in December 2005. Senator Thayer advised the Committee that he had requested this report and said it is important to note that Mr. Burnside did not become KRS Executive Director until January 2008.

Mr. Burnside said that the Investment Committee of the Board of Trustees had discussed the possibility of purchasing the property on three different occasions between November 2005 and January 2006. He said the Committee did not vote to approve or disapprove the purchase, and meeting minutes reflect that no action was taken on what was discussed in closed session. He explained that KRS officials made a \$500,000 offer on the property in December 2005 but that it was subsequently sold to Dr. Taylor, who already had a contract on the property. KRS then offered her \$525,000, which she rejected. KRS and a nearby apartment complex opposed the zoning change sought by Dr. Taylor, and she later sold the property to KRS in February 2006. The purchase was through Perimeter Park West, Inc. (PPW), a 501(c)(25) corporation held by KRS for the purpose of holding title to and maintaining the KRS office campus and also to protect the KRS trust fund in the event of a law-

suit. Mr. Burnside said that \$700,000 of the purchase price was transferred from the Insurance Trust, and the remainder came from the PPW operating account, which is funded through the pension trust.

Mr. Burnside said that the KRS Board of Trustees launched an investigation of the acquisition in March 2006. They contacted their internal auditor and contracted with Ice Miller, the KRS outside fiduciary and tax counsel. They also contacted the Auditor of Public Accounts' (APA) office in June 2006, which subsequently asked Mountjoy and Bressler, the external auditing firm for KRS at the time, to do a full audit of the transaction as part of the annual financial statement. APA also contacted the office of Stoll Keenon Ogden in Frankfort, which was responsible for investigating the advisability of litigation or filing of a fiduciary insurance claim. The Kentucky State Police was also contacted. The investigation continued for more than a year, and it was discussed in numerous board and committee meetings in both closed and open session. The first report that KRS received was from Ice Miller, in May 2006; it was supplemented by a second report in August 2006. Stoll Keenon Ogden also presented its report in August, and Mountjoy and Bressler completed its report on behalf of the APA in December 2006. The KRS internal auditor presented his report to the audit committee in April 2007.

Mr. Burnside said that Mountjoy and Bressler found that KRS staff who were involved in the purchase circumvented existing internal control policies and procedures. They also said that KRS staff failed to perform adequate due diligence prior to the purchase. As evidence, they noted that there was no property appraisal, no mechanical inspection, no environmental study, and no formal signed sales contract. The only closing document lists the expenses and how they were assigned. Mountjoy and Bressler said that there was a comingling of funds between the insurance and pension trusts, in violation of the Internal Revenue Code and the plan document. They also opined that the purchase was an isolated incident and not indicative of normal business operations at KRS.

The 12 recommendations of the KRS internal auditor are listed as follows, along with Mr. Burnside's comments:

The PPW operating account

should require two authorizing signatures for internal control – The two checks written for the purchase were written with only one signature. This recommendation has been fully implemented.

Business operations of PPW should be under the oversight of the Chief of Operations – The Director of Fixed Income, who reports to the Chief Investment Officer, signed the check from the PPW check. This audit recommendation would ensure that all operations go through the Chief of Operations and also avoid the appearance of any conflict of interest. This recommendation has been fully implemented.

Checks issued from PPW should require a formal check request document and all supporting documentation. – The checks for the purchase were issued on the basis of an e-mail from the Chief Investment Officer to the Director of Fixed Income. Later, other documents were brought forward that included a justification of expenditures. This recommendation has been fully implemented.

The General Counsel should provide training to PPW agents on the bylaws, conflicts of interest, and their fiduciary obligations. – This recommendation has been fully implemented. Additionally, the Board of Trustees in its April 2009 meeting voted to add a member to the PPW Board of Directors and to require the PPW board to hold quarterly meetings and report to the full Board on a regular basis.

PPW should reevaluate its contractual relationship with the Crumbaugh Companies. – Mr. Burnside said he believes Mr. Bill Crumbaugh has done an excellent job in managing the property for KRS. He said the purpose of the recommendation is to avoid the appearance of a conflict of interest, since Mr. Crumbaugh's son owns Summit Realty, which represented KRS in the negotiations with Dr. Taylor. An RFP has been issued for competitive bidding on property management services at KRS, and Mr. Crumbaugh will be allowed to bid.

The PPW Board of Directors should require that evidential matter exist for all assets acquired, be they personal or real property. – In the closing document there is a \$25,000 entry for personal property, but no description of that personal property has been found to date. This recommendation has been fully implemented.

Once the resolution of the Holly

Hill property is achieved, \$52,502.47 should be reimbursed to the PPW operating account. – This recommendation is being implemented.

All employees, particularly those in the Division of Investments, should comply with KRS' Statement of Investment Policy. - This recommendation has been fully implemented. KRS now has an active education program to ensure that everyone is aware of the investment policies.

Formal documentation of check/expenditure requests should be formulated to strengthen internal controls. - This recommendation has been fully implemented.

KRS is prohibited from co-mingling funds between the pension and insurance trusts. - This recommendation has been fully implemented. All pertinent staff are aware of this prohibition, and as a matter of policy, KRS issues Letters of Direction to money managers to remind them that there is to be no co-mingling of funds in investments.

All Letters of Direction (instructions to custodial banks) should be reviewed, approved and signed by the CIO (Chief Investment Officer), the Executive Director, and/or the Chief Operations Officer. - This recommendation has been fully implemented.

The CIO should have dual reporting responsibilities to the Investment Committee and to the Executive Director. – Previously the CIO reported only to the Investment Committee. This recommendation has been fully implemented.

Mr. Burnside said that after he became Executive Director on January 3, 2008, the Finance and Administration Cabinet (FAC) internal auditor contacted KRS to initiate an audit of the Holly Hill transaction. He said KRS cooperated in the audit, and the Cabinet submitted a draft report to him in mid-May 2009. The KRS Board met May 21, 2009, but the draft report was not discussed, even though the board meeting included a lot of discussion of Holly Hill. The report was not final, and staff had not had a chance to review it. KRS spent the next month reviewing the report and submitted comments to the Cabinet in June. FAC issued the final report July 6, 2009.

Mr. Burnside that about that time he began talking to FAC officials Glenn Mitchell and Jim Abbott to ask them to help find a tenant for KRS Building-B, which that had been vacated by the Department of Revenue. He also worked with FAC and Ken-

tucky State Police (KSP) regarding selling the property. KRS hired a real estate consultant, ORG, which did a full property appraisal, mechanical inspection, and environmental study. ORG hired a Louisville commercial real estate company, C. B. Richard Ellis, to market the property on a nationwide scale. Ultimately, the decision was to sell to KSP, which wanted to buy both Building B and the adjacent church property in a combined deed. Total sale price for the two properties was \$3.2 million.

The four recommendations in the FAC internal auditor's report are listed as follows, along with Mr. Burnside's comments. He said that the recommendations reinforce many of KRS' own findings.

KRS should use the Holly Hill proceeds to reimburse the KRS Insurance Fund for an amount no less than \$135,000 and to follow the recommendation of the KRS internal auditor to reimburse PPW for \$52,502.47. – This recommendation has been fully implemented. Mr. Burnside explained that the \$135,000 amount comes from an appraisal done in 2006 after purchase of the property. The appraisal valued the property at \$135,000, unimproved. If improved, the value could have been as much as \$290,000, but KRS wrote down the value at \$135,000. In accord with suggestions from KRS' current audit committee and Ice Miller, KRS has taken steps to reimburse the Insurance Fund for the entire \$700,000.

KRS should clearly disclose the decision to self-correct the co-mingling of assets related to Holly Hill and the subsequent loan write-down in the notes to the KRS and PPW financial statements. – To fully comply with this recommendation, language to this effect has been approved for the 2009 Comprehensive Annual Financial Report.

KRS should formalize its real property purchasing process. – Real estate policy has been incorporated into the Investment Policy manual. The policy restricts KRS holdings in real estate to no more than five percent of the total value of the fund. It also discourages the direct purchase of real property, so that KRS would not be sole owner of any property other than the buildings it now occupies.

KRS and PPW should implement and/or continue the implementation of all internal controls recommended herein and in the KRS internal audit report. – This recommendation

has been fully implemented, and the Board of Trustees has taken action to increase the scope and responsibilities of the PPW Board.

Mr. Burnside summarized by saying that since the Holly Hill transaction of February 2006, all KRS executive management and senior staff positions have changed through resignations, transfers or retirements. Six of the nine Board of Trustees members have changed. The current Board has changed the scope and membership of the PPW Board. The church property and adjacent KRS office building has been sold to KSP, and KRS is in the process of reimbursing all of the accounts. KRS has implemented recommended safeguards and fully complied with audit recommendations. He said, too, that after the sale was publicized he asked State Auditor Luallen to review the FAC internal audit report and offered to fully cooperate with her office if they had any questions.

Representative Ford asked who ultimately made the decision to purchase the church property and whether they had authorization. Mr. Burnside said it was “KRS staff,” according to the audit report, and that they were acting as agents of PPW. He said it is his opinion that they thought they had authority to make the purchase.

Answering other questions from Representative Ford, Mr. Burnside said that PPW board members are trustees of KRS. He also said that KRS’ sale of its properties closed on June 10, 2009.

Representative Ford said he is concerned that there was not a formal sales contract for the Holly Hill purchase. He pointed out that real estate transactions are required to be in writing in Kentucky. He asked whether anyone had investigated the real estate company that handled the transaction. He also said he would be interested to know the cost of the various audits relating to the transaction. Mr. Burnside said he did not have that information with him but that he would get back with Representative Ford about those two questions.

Representative Ford asked about final appraisals of the two KRS properties. Mr. Burnside said they were appraised separately and that KRS assigned approximately 10 percent of the \$3.2 million selling price to the value of the church. Representative Ford said he appreciates the way KRS has brought information to the Com-

mittee. He said it bothers him somewhat though that KRS is discouraging the purchase of real estate, since he believes it is a great investment over time. Mr. Burnside clarified that KRS is still including real estate in part of its portfolio but just not as a direct purchase of property.

Representative Wayne said he is concerned about many things that were presented today. He questioned the decision to withhold the FAC preliminary audit from the KRS Board until staff had time to review it. He also asked whether Mr. Crumbaugh’s role in the transaction should have been referred to the Executive Branch Ethics Commission for review and whether he should be permitted to bid on the RFP. He suggested that actions like these could create mistrust and damage Mr. Burnside’s image with the public and the legislature. He said he does not want that to happen because he does not think Mr. Burnside deserves that kind of image. He expressed concern that KRS may be losing a public relations “war.” He said he is concerned about the lack of internal checks and balances at KRS preceding the Holly Hill transaction and the subsequent need for the FAC internal auditor and the State Auditor to become involved. Mr. Burnside responded that Mr. Crumbaugh is not subject to oversight by the Executive Branch Ethics Commission and that PPW is a nonprofit shareholder. Representative Wayne countered that contractors are included in the Executive Branch Ethics Code and that PPW is a subsidiary of the state. Mr. Burnside said he was not aware that Mr. Crumbaugh would be covered by the ethics code and that he would certainly look into that. He also said he feels that Mr. Crumbaugh should be exonerated. He said his contract as property manager is still in force—that KRS did not cancel it because of the FAC audit. Representative Wayne said he believes KRS, to preserve its reputation, should look into whether Mr. Crumbaugh’s involvement created an ethical breach. Mr. Burnside said that they would do so.

In regard to withholding the draft FAC audit from the Board, Mr. Burnside said that as soon as KRS received the final audit report, it was referred to the Board’s audit committee. He said the Committee reviewed the report thoroughly at its August meeting and did express some concern about the Crumbaugh issue. They then transmitted the audit report and their findings to the full

Board on August 20. Representative Wayne said that may be correct procedure but that KRS should be working in full partnership with the Board, in which case, he thinks the preliminary report should have been brought to the Board immediately. Mr. Burnside said that the Board Chair and Vice-Chair are present at today’s meeting and that they could vouch for his integrity. Representative Wayne said he is not questioning Mr. Burnside’s integrity but rather trying to promote it. He said he feels there has been some mishandling of issues that do not do justice to Mr. Burnside.

Representative Owens asked whether KSP has done an investigation. He said he is asking because it occurred to him that there may have been some criminal violations. Mr. Burnside said that KSP did conduct an investigation but that he does not know its status. He called on Randy Overstreet, Chair of the KRS Board of Trustees, to speak on that issue. Mr. Overstreet said he has communicated with KSP on various occasions and that they have not done anything actively on the investigation for some time. He said they indicated to him that they have reached a dead end, from their perspective. Mr. Overstreet said that KRS intends to seek closure on the KSP investigation.

Representative Rollins said he believes there is the appearance of a conflict of interest with respect to Mr. Crumbaugh. He asked whether the realtor received a commission, and Mr. Burnside said that the realtor received a \$28,000 commission. Representative Rollins asked Mr. Burnside to request a copy of the written contract from the realtor and, if he does not have one, to report that fact to the Real Estate Commission.

Senator Blevins asked how much of the U. S. investments is invested in Kentucky. Mr. Tosh said they do not routinely track Kentucky-only investments and that he would have to look into it and get back with Senator Blevins. He stated that, first and foremost, KRS tries to find the best managers in order to maximize return for the System. They make every effort to try to invest in Kentucky and to use organizations from Kentucky to invest on KRS’ behalf. Senator Blevins said it seems logical to him that KRS should try to maximize investing in Kentucky because it will create jobs, increase the tax base, and thus pay bigger dividends. Mr. Tosh said KRS and he, personally, are very

supportive of investing in Kentucky but that his first responsibility is to system participants. Senator Thayer said he understands Senator Blevin’s sentiment but pointed out that, by law, KRS is responsible for protecting the fiduciary interest of the plan participants and that it is not KRS’ job to create economic opportunity and jobs in Kentucky. Senator Thayer asked Mr. Tosh to forward the information about Kentucky investments to committee staff. He directed staff to make the information available to the Committee, along with a copy of the statute dealing with KRS’ fiduciary responsibility.

Representative Lee asked whether there is anyone who may have knowledge of the \$25,000 personal property that was included in the Holly Hill purchase price Mr. Burnside said he does not know of anyone. He said there are varying accounts of it being for personal property or services but no solid information about it.

Senator Thayer pointed out that Mr. Burnside retired as a colonel after a 20 year career in the Air Force prior to entering state government. He said he believes Mr. Burnside has been treated a bit harshly by members of the Committee, and he apologized. He said he personally asked Mr. Burnside to testify and that Mr. Burnside has been honest and forthright in his testimony—more so than were representatives of the Kentucky League of Cities and the Kentucky Association of Counties at today’s meeting of the Local Government Committee. Further, he is trying to clean up problems that occurred before he came to KRS. Senator Thayer said he knows that Mr. Burnside is a man of the utmost integrity. He said he appreciates his 20 years of service to this country. He also appreciates his leadership and service as KRS Executive Director, as well as the service of KRS staff and the KRS Board, as they try to protect Kentucky retirees in this very difficult economy. Senator Thayer thanked Mr. Burnside and Mr. Tosh for appearing today.

Senator Thayer announced that due to the length of today’s meeting, the scheduled report from Gary Harbin, Executive Secretary of the Kentucky Teachers Retirement Sys-

tem, would be postponed until the September meeting.

The final item on the agenda was a subcommittee report for the August 25 meeting of the Task Force on Elections, Constitutional Amendments, and Intergovernmental Affairs. Senator Thayer, Co-chair of the Task Force gave the report, and it was accepted by voice vote, upon motion by Representative Carney.

Business concluded, and the meeting was adjourned at 3:10 p.m.

INTERIM JOINT COMMITTEE ON STATE GOVERNMENT

**Task Force on Elections,
Constitutional Amendments, and
Intergovernmental Affairs
Minutes of the 1st Meeting
Of the 2009 Interim
August 25, 2009**

The 1st meeting of the Task Force on Elections, Constitutional Amendments, and Intergovernmental Affairs of the Interim Joint Committee on State Government was held on Tuesday, August 25, 2009, at 1:00 PM, in Room 171 of the Capitol Annex. Senator Damon Thayer, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Damon Thayer, Co-Chair; Representative Darryl T. Owens, Co-Chair; Senators Carroll Gibson, Ernie Harris, Alice Forgry Kerr, John Schickel, Elizabeth Tory, and Johnny Ray Turner; Representatives Larry Clark, James R. Comer Jr., Joseph M. Fischer, Mike Harmon, Melvin B. Henley, Mary Lou Marzian, and Ron Weston.

Guests: Trey Grayson, Secretary of State; Sarah Ball Johnson, Executive Director, State Board of Elections.

LRC Staff: Judy Fritz, Greg Woosley, Bill VanArsdall, Alisha Miller, Karen Powell, and Terisa Roland.

The Task Force on Elections, Constitutional Amendments, and Intergovernmental Affairs held its first 2009 Interim meeting.

Secretary of State Trey Grayson and Sarah Ball Johnson, Executive Director of the State Board of Elections, gave updates on the new candidate filing guide, the voting equipment used in each county, and the maintenance activities on the statewide voter registration database.

First on the agenda Secretary Grayson reported that the candidate filing guide, titled *Declaring Your Candidacy: Ballot Access Procedural Manual*, has been completely updated for the 2010 election cycle. He

noted that his office placed an emphasis on making the updated guide very user friendly – so that first-time candidates could readily find the requirements of getting their name on the ballot for any office, especially the many local offices up for election in 2010. A copy of the manual was provided to the Committee which can be found in the LRC library.

The second item on the agenda was an update on the voting equipment used in each county. Secretary Grayson and Ms. Johnson reported that the Help America Vote Act (HAVA) monies have been widely used by the counties to update voting equipment. Of particular note was a large change from older lever voting machines to federally mandated handicap accessible machines and more modern optical scanner machines, with the number of counties using lever machines down to 20 (at present) from 87 (as recently as the 2008 Primary).

Representative Clark asked about difficulties in counties with the new machines. Secretary Grayson said there was a calibration problem in Hardin County, but that it was corrected and the paper backup confirmed the results. He also noted that other minor issues occurred due to the unfamiliar equipment but that these issues were minimal and would likely be eliminated with familiarity.

Secretary Grayson and Ms. Johnson addressed the final item on the agenda – voter registration list maintenance activities to the statewide voter registration database. Secretary Grayson stated that a little more than 118,000 names were removed from the database between October 2006 and October 2008, with deceased registrants and inactive voters making up approximately 108,000 of the total. Secretary Grayson also reported that his office participated with eight other states in data match projects in 2008 and 2009 to identify Kentucky voters that have registered to vote in other states, and that they hope to expand this program in 2010. A copy of the presentation can be found in the LRC library.

Representative Fischer asked if Kentucky received e-mail messages from other states regarding duplicate voter registrants. Secretary Grayson said 7-states share voter data, but that his office is continually working to increase electronic sharing of voter data.

Chairman Thayer said the next meeting date would be September

22, 2009 at 1:00 p.m.

Chairman Thayer concluded all Business and the meeting was adjourned at 2:00 p.m.

INTERIM JOINT COMMITTEE ON TRANSPORTATION

**Minutes of the Third Meeting
of the 2009 Interim
September 1, 2009**

The third meeting of the Interim Joint Committee on Transportation was held on Tuesday, September 1, 2009, at 3:00 PM, at the John W. Black Community Center in LaGrange, Kentucky. Senator Ernie Harris, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Ernie Harris, Co-Chair; Representative Hubert Collins, Co-Chair; Senators Walter Blevins Jr., David E. Boswell, R.J. Palmer II, John Schickel, Brandon Smith, and Gary Tapp; Representatives Eddie Ballard, Leslie Combs, Jim DeCesare, Keith Hall, Charles Miller, Lonnie Napier, Rick G. Nelson, Tanya Pullin, Steve Riggs, Sal Santoro, Arnold Simpson, Ancel Smith, Jim Stewart III, and Tommy Turner.

Non Members: Representatives Brad Montell and Fred Nesler.

Guests: County Judge/Executives Duane Murner, Oldham County; Melanie Roberts, Bullitt County; Rob Rothenburger, Shelby County; David Jenkins, Spencer County; Harold Tomlinson, Carroll County; and John Brent, Henry County. Larry Chaney, Director of Transportation, Kentuckiana Regional Planning and Development Agency (KIPDA); Tim Wakefield, Assistant Chief, Oldham County Police Department; and from the Transportation Cabinet, Chuck Knowles, Deputy State Highway Engineer and Matt Bullock, Chief District Engineer, District 5.

LRC Staff: John Snyder, Brandon White, Dana Fugazzi, and Linda Hughes.

Senator Boswell moved to approve the Committee's August 4, 2009 minutes, as submitted. Representative Ballard seconded the motion, which passed by voice vote.

Oldham County Judge Duane Murner welcomed the members to the region and introduced several county officials.

Larry Chaney, Director of Transportation, KIPDA, discussed planning, growth, and regional activities in District 5. He stated that KIPDA is the conduit for federal funds ear-

marked to the Louisville MPO (Jefferson, Bullitt, Oldham Counties). KIPDA does the regular transportation planning required of other ADDs. He said that prior to the state compiling its Six Year Road Plan, the Transportation Cabinet solicits recommendations from agencies like KIPDA. Mr. Chaney stated that this process is not as seamless as it should be, and that often times, it is suburban areas that are left out.

Mr. Chaney cited the difficulties with spending the recent stimulus funds earmarked for the Metro Area because of planning issues. He also cited statistics about the poor conditions of Kentucky roads (one-third of pavements rated poor or worse) and bridges (one-fourth of bridges are deficient or obsolete), as well as the fact that Kentucky ranks in the top five states nationally in fatalities due to road hazards.

Speaking on the historical changes, basic infrastructure challenges, pressing issues, and tax base data in select District 5 counties were Judge Melanie Roberts, Bullitt County' Judge Duane Murner, Oldham County' Judge Rob Rothenburger, Shelby County, and Judge David Jenkins, Spencer County.

Judge Roberts said that Bullitt County has approximately 26,000 households with a median income of \$56,000. She indicated there has been a 22.5 percent increase in population since 2000, and the percentage is projected to 53 percent by 2030. She said that nearly 65 percent of Bullitt County workers work in Jefferson County. Judge Roberts stated that the County's roadways have existing capacity or safety deficiencies and the projected growth will only exacerbate the problems.

Judge Rothenburger stated that Shelby County roadways, like Bullitt County's, need attention. He also said that a large number of bicyclists from Jefferson County ride the back roads of Shelby County routinely and without bicycle trails this causes numerous concerns for not only the cyclists, but also the county's motor-ing public. Recognizing the state's financial situation, Judge Rothenburger suggested that pamphlets be made available to the cycling public setting out the rules of cycling on public roadways.

Judge Rothenburger noted the importance of updating Highways 53 from Shelby County to Oldham County, and Highway 55 from Shelby

County to Spencer County. He said that both highways are important to the region and asked for the state's assistance in this infrastructure need. He also encourage that counties that are not in MPOs get planning money like metropolitan areas do.

Judge Jenkins stated that Spencer County has been the fastest growing county in the Commonwealth for the past 20 years, with a growth rate of 73 percent. Its largest employer is the school system. This high growth rate was the first in the state and the 7th in the nation. He said that the county receives over one million visitors yearly at the Taylorsville Lake. He noted the county's roads are in dire need of work and echoed Judge Rothenburger request for updating highways 53 and 55.

Judge Murner stated that Oldham County, with a population of 57,000, is a high maintenance county, with its median household income of \$73,500. He said that the county is always in the top four or five percent in the Commonwealth for population growth, with two-thirds of its population working in Jefferson County. Judge Murner stated that Oldham County does not have an occupational tax, that its revenue relies strictly upon real estate taxes or insurance premium taxes. Judge Murner stated that Oldham County needs highway infrastructure, i.e., widening, turning lanes, exit ramps, traffic lights, interchanges, as well as public transit.

All four judges indicated that their counties' needs and focus, as suburban counties, were economic development, which relies upon highway infrastructure and for Oldham County, also public transit.

When asked how the judges determine their highway needs such as resurfacing, widening, or a traffic light installed at a particular intersection, all four stated that those determinations depend upon traffic volume, traffic patterns, safety, population growth, financial responsibility, as well as interconnectivity.

At this time, Judge Harold Tomlinson, Carroll County, and Judge John Brent, Henry County, indicated that updating their highway infrastructure was one of their primary goals and offered several incidents that supported this need.

The next item on the Committee's agenda was a presentation of major construction projects in the suburban counties in District 5. Chuck Knowles, Deputy State High-

way Engineer and Matt Bullock, Chief District engineer, District 5 discussed these projects with the Committee. After the presentation, Mr. Knowles stressed the need to emphasize system preservation in the next budget cycle.

The last item on the Committee's agenda was a presentation on bicycle safety by Lt. Tim Wakefield, Assistant Chief, Oldham County Police Department. Lt. Wakefield said that in his experience the bicycle public does not understand bicycling laws when riding on the Commonwealth's roads. He advocated ensuring the knowledge by having cyclists tested and issued permits to operate a bicycle on a highway.

Co-chairman Collins informed the members that the Committee's October meeting would be held in Pikeville, with a tour before the meeting and a cookout following the meeting. He noted that pertinent information regarding this meeting was in the members' folders.

With no further business before the Committee, the meeting adjourned at 5:10 p.m.

CAPITAL PLANNING ADVISORY BOARD Minutes of the 3rd Meeting of the 2009 Calendar August 21, 2009

The 3rd meeting of the Capital Planning Advisory Board was held on Friday, August 21, 2009, at 10:00 AM, in Room 169 of the Capitol Annex. Representative Melvin B. Henley, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Jack Westwood, Co-Chair; Representative Melvin B. Henley, Co-Chair; Senator David E. Boswell, Representative Ron Crimm; David Buchta, Laurie Dudgeon, Ben Fletcher, Carole Henderson, Bill Hintze, Mary Lassiter, Katie Quitter, Edmund Sauer, and Laurel True.

Guests: Laurie Dudgeon, Director, Administrative Office of the Courts; J. Michael Brown, Secretary, and Rodney Brewer, Commissioner, Kentucky State Police, Justice and Public Safety Cabinet; Charlie Harman, Executive Director, Office of Budget and Administration, Education and Workforce Development Cabinet; Hank List, Deputy Secretary, Energy and Environment Cabinet; Larry Bond, Deputy Secretary, Public Protection Cabinet; Steven Estep, Executive Assistant, Kentucky Horse Racing Commission; Marcheta Spar-

row, Secretary, and Tim Pollard, Executive Director, Office of Finance, Tourism, Arts, and Heritage Cabinet; Shannon Morgan, Deputy Secretary, and Robin Kinney, Executive Director, Office of Administrative Services, Finance and Administration Cabinet; Janie Miller, Secretary, Beth Jurek, Executive Director, Office of Policy and Budget, and Frank Lassiter, Executive Director, Office of Administrative and Technology Services, Cabinet for Health and Family Services; Nikki Jackson, Secretary, and Jill Anderson, Kentucky Human Resources Information System (KHRIS) Project Manager, Personnel Cabinet.

LRC Staff: Don Mullis, Shawn Bowen, and Jennifer Luttrell

Co-Chair Henley made a motion that the minutes of the July 7, 2009, meeting be approved with two amendments. He requested that the minutes reflect his recommendation to Murray State University that the "Construct New Breathitt Veterinary Center" project (2010-2012 biennium, General Funds, Priority No. 6) be moved ahead of the "Construct Paducah Regional Campus Facility" project (2010-12 biennium, General Funds, Priority No. 5) due to the possibility of federal funding for the Paducah facility. He also asked that the minutes reflect a recommendation that the existing Paducah campus facility be renovated. He said renovation of the building would cost approximately one half or less than \$20 million and would provide more classroom space.

Co-Chair Henley's motion to approve the minutes of the July 7, 2009, meeting was seconded by Mr. Hintze and approved by voice vote.

Co-Chair Henley asked Mr. Mullis to go over the informational items on the agenda.

Mr. Mullis explained that the first information item was a comprehensive list of agency maintenance pools approved in the last session, along with the amounts by agency, and the purposes for which they have been spent to date. Mr. Mullis then gave a brief overview of the remainder of the capital planning process.

Co-Chair Henley then asked Ms. Laurie Dudgeon, Director, Administrative Office of the Courts, to present the Judicial Branch's plan.

Ms. Dudgeon stated that the Judicial Branch is requesting one project in its 2010-2016 capital plan, the Telecommunication Equipment Replacement project (2010-12 Biennium, \$1,894,000, General Funds).

This project will entail installation of Voice Over Internet Protocol (VOIP) systems in every court system and will support the Administrative Office of the Courts (AOC) e-courts system. VOIP will allow Judicial Branch staff to log into a web-based application system, which would provide them with one statewide phone number. AOC staff will design and install this system.

Ms. Dudgeon said there are nine VOIP systems in place and 35 additional judicial centers will have VOIP systems. This will leave 84 systems to be installed. Jefferson County is one of the two extra large systems, and will be the most expensive to install. The branch is requesting \$1.9 million for 30 systems in 2010-2012, \$2.4 million for 32 systems in 2012-2014, and \$1.8 million for 22 systems in 2014-2016. The need will be revised if new judicial centers are constructed. She said for the 2012-2018 Plan, AOC will request the VOIP system and a new case management system called the e-courts initiative that will include e-filing, to enhance access to the state's court records.

Mr. Hintze asked if the new system was coordinated through the Commonwealth Office of Technology (COT). Ms. Dudgeon replied that AOC has worked in partnership with Homeland Security and Kentucky State Police (KSP) on the ewarrant system, which is in place in six counties.

Co-Chair Westwood asked if the money requested would be enough to complete the project. Ms. Dudgeon replied that there are recurring costs, but that the amount requested would be enough for the 30 systems requested.

Co-Chair Henley next asked Secretary J. Michael Brown to review the Justice and Public Safety Cabinet's plan.

Secretary Brown gave an overview of the Cabinet's needs, which included the construction of a medical examiner/lab. He explained that the current lab is currently located one room in a building on Barrett Avenue in Louisville. Commissioner Brewer of the Kentucky State Police noted that the medical examiner's equipment is antiquated and does meet the criminal justice system's standards.

Representative Crimm asked if there is property available to build a new medical examiner lab. Secretary Brown responded affirmatively and said the site being considered has

easy access from major roads and is invisible to public view with security already in place.

Secretary Brown then gave a presentation on the Kentucky State Police Academy facilities. Commissioner Brewer gave a brief history of the Academy and training facility. He said the Cabinet has purchased a 45,000 square foot building in Perimeter Park that will house all of the record-keeping and IT functions for KSP. The building is being remodeled now and should be ready in January 2010. Commissioner Brewer said rather than constructing a new facility at a cost of \$30 million, the KSP facility located on Louisville Road in Frankfort could be remodeled at a cost of \$4 to \$6 million.

Senator Boswell asked if federal money from the Drug Enforcement Administration is available to help with this project. Commissioner Brewer stated that KSP has not received any money at this point. The money went to smaller local agencies nationwide. He added that they received approval for stimulus money to renovate the Perimeter Park building and the Louisville Road building, however, these funds are not sufficient. He said it is hard to get federal dollars for construction, as the government would rather put the money into equipment and programs.

Secretary Brown then gave a presentation on the Department of Corrections. The total population in custody is approximately 21,500 and another 39,000 who are on probation and parole. There are 13 state institutions within the Department of Corrections and three contracted private prisons. Secretary Brown said the electrical lines at the Kentucky State Reformatory needs to be upgraded because the prison has been experiencing electrical failures for the last year. He also stated that Northpoint Training Center needs to be renovated because it does not have enough room to house inmates.

Mr. True stated that 23 percent of all charges are drug charges, to which Secretary Brown replied that if you added all the drug related charges such as robbery for drugs that that number would be more like 70 - 80 percent.

Secretary Brown said he worked with Governor Beshear last year on the Criminal Justice Council to produce a series of recommendations that would improve the correctional system. He said he had also worked with legislators during this last ses-

sion on legislation to improve the correctional system. He noted that they are also reviewing legislation that would address geriatric and medical parole.

Mr. True stated that the idea of paroling older people and putting them on Medicaid was proposed by Governor Carroll during his first budget cycle.

In response to a question from Mr. True regarding the correctional system's mental health program, Secretary Brown stated that there are drug treatment, as well as drug diversion programs available. He said out of the 21,500 inmates currently incarcerated, all but 104 of them will be released in the future. He said the state needs to target dollars for substance abuse which in turn would reduce recidivism.

Mr. Mullis introduced Mr. Charlie Harman, Executive Director, Office of Budget and Administration, Education and Workforce Development Cabinet. Joining Mr. Harman at the table were Mr. Wayne Onkst, State Librarian, Department of Library and Archives; Shae Hopkins, Kentucky Educational Television; Gary Freeland, Educational Professional Standards Board; and Ann Riggs, CIO, and Brian Easton, Facilities Manager, Education and Workforce Development Cabinet.

Mr. Harman summarized the Cabinet's plan briefly. He pointed out that most projects are IT-related. The Cabinet's main priority is to maintain facilities, some of which are over fifty years old. The Online Certification Integration project for the Education Professional Standards Board will include online services to the public to review their certifications. It will give the educators the ability to renew their applications and collect fees online. Part of this system will include Integrated Voice Recognition System (IVR), which will run 24 hours a day. The next priority is the expansion of the Department of Library and Archives to create additional space. He said the HVAC needs to be updated in all the facilities.

Co-Chair Westwood asked if the work on the Library and Archives building would be a physical expansion on site. Mr. Harman said that the work will be on site, and will include a three-story building and a climate-controlled automated warehouse.

Mr. Hintze asked how many people would use the online certification system. Mr. Freeland replied that approximately 30,000 applications are

processed annually.

Mr. Mullis introduced Hank List, Deputy Secretary, Energy and Environment Cabinet; Larry Bond, Deputy Secretary, Public Protection Cabinet; and Steven Estepp, Executive Assistant, Kentucky Horse Racing Commission.

Secretary List stated that the Mine Safety, Licensing & Mapping Application is important for safety in the coal mines and makes data available to the mining, oil, and gas industries. This project was started approximately seven years ago and it is important to keep this database going. The project will cost \$965,000. He said the Cabinet is recycling for all administrative agencies, and the Cabinet is requesting a paper shredder at a cost of \$285,000. He noted that the shredder generates revenue for the Cabinet. The cabinet is also requesting \$4,000,000 for maintenance of the 73 state-owned dams and \$1,185,000 for the maintenance of Cabinet-owned facilities. The Cabinet is requesting \$6,200,000 to upgrade the Wildland Fire Suppression. He also pointed out that soils need to be replenished at the Morgan County Nursery and the John P. Rhody Nursery because the seedlings will not grow over a foot tall in the soil that is currently there.

Deputy Secretary Bond stated that the most important request for the Public Protection Cabinet is on behalf of the Kentucky Horse Racing Commission. The Commission needs a database that is able to collect accurate information such as attendance numbers and wagering totals.

Mr. Hintze asked if the race tracks report attendance to the Kentucky Horse Racing Commission. Mr. Estepp replied that the Commission does collect that information and the tracks pay an admission tax based on that information. He added that Turfway does not charge admission so they estimate how many people attend daily. The new program would keep track of that information.

Senator Boswell asked if race-track licensing is under the Commission's review. Mr. Estepp replied that the Commission licenses trainers and owners.

Mr. Mullis introduced representatives from the Tourism, Arts, and Heritage Cabinet: Marcheta Sparrow, Secretary, and Tim Pollard, Executive Director, Office of Finance.

Secretary Sparrow gave a brief history of each department and a summary of the Cabinet's pri-

orities, which included the maintenance needs of the Department of Parks, Kentucky Horse Park, State Fair Board, Kentucky Historical Society, Kentucky Center for the Arts, Kentucky Artisans Center at Berea, Northern Kentucky Convention Center, Department of Fish and Wildlife Resources, the Secretary's Office, Eastern Kentucky Exposition Center, and the Frankfort Convention Center.

Mr. Hintze asked about the condition of the state park system. He noted that the Commonwealth has invested over \$200,000,000 in the Department of Parks over the last 15 years to upgrade the golf courses and furnishings. Secretary Sparrow replied that the golf courses are in great shape and maintained well, but some of the parks need attention and need to develop a structure for continued and preventative maintenance.

In response to a question from Co-Chair Westwood, Secretary Sparrow said the Kentucky Artisans Center needs to be renovated because it has become a rest area for travelers. She said it was not originally constructed as a rest area, but this is a good opportunity to showcase the state's arts. In response to another question from Co-Chair Westwood, Mr. Pollard replied that in 2009 the Transportation Cabinet provided \$350,000 in road funds to pay personnel to run this facility and the \$610,000 project would be in addition to what is provided for the maintenance of the facility.

In response to questions from Co-Chair Westwood about the temporary stadium being constructed at the Horse Park for the Alltech FEI World Equestrian Games, Secretary Sparrow replied that the Stadium is temporary and will be used only for the games. Afterwards, it will be deconstructed. She said they are now negotiating a lease with the World Equestrian Games for use of the stadium. The project is being funded with private funds, but since it is on state property it has to be reported.

Mr. True asked how much the state subsidizes the state park system other than capital expenditures. Secretary Sparrow replied that they receive \$35 million. Mr. True asked if the Cabinet foresaw closing of that gap. Secretary Sparrow replied that they might reduce it, but not close it.

Mr. True asked how much the state subsidized the State Fair Board, to which Secretary Sparrow replied

that they receive no money and that they rely on agency receipts. Mr. True asked if they pay for the service of the bonds and Mr. Hintze pointed out that the Fair Board is dependent on General Funds and that they pay cash for their maintenance pools.

Ms. Bowen introduced Shannon Morgan, Deputy Secretary, and Robin Kinney,

Executive Director, Office of Administrative Services, Finance and Administration Cabinet.

Secretary Morgan provided a basic overview of the Cabinet's priorities for the 2010-12 biennium, which included the Emergency Repair, Maintenance, & Replacement Fund costing \$12,500,000, the Capital Construction and Equipment Purchase Contingency Fund costing \$12,500,000, the Miscellaneous Maintenance Pool costing \$8,000,000, the Statewide Deferred Maintenance Pool costing \$12,500,000, and the Capitol and Capitol Annex Terrace Repairs project costing \$2,518,000. He added that they are requesting money to continue the comprehensive tax system project which includes e-file for corporate and partnership returns and will eventually be used for individual tax returns. The Cabinet is also requesting money for the modernized front-end software rewrite, which will allow the tax returns that are not filed electronically to be scanned and imaged.

Mr. True asked how much rental space had been reduced in this current biennium. Sam Ruth, Commissioner for Facilities and Support Services, Finance and Administration Cabinet, responded that after renovation, the old State Office Building increased occupancy from 800 to 1,100 employees and reduced leased space. Currently they are leasing 51 buildings and paying out about \$11 million per year to third parties. Mr. True asked if they are planning to continue to reduce leased space, to which Secretary Morgan replied yes.

Mr. Hintze asked if the projects will be undertaken with restricted funds based on some set of assumptions about the cash flow to the Commonwealth Office of Technology (COT). Ms. Kinney replied that COT believes it can do these projects based on their rate schedule for the next biennium. The request is based on keeping a general status quo for rates.

Ms. Bowen introduced Janie Miller, Cabinet Secretary, Beth Jurek, Executive Director, Office of Policy

and Budget, and Frank Lassiter, Executive Director, Office of Administrative and Technology Services, Cabinet for Family and Health Services.

Secretary Miller gave a brief history of the Cabinet and then turned the presentation over to Ms. Jurek to give an overview of the Cabinet's priorities, which included a maintenance pool costing \$11,826,000, the replacement of Glasgow State Nursing Facility for \$20,000,000, the MHDDAS Facility Information System Phase I costing \$10,200,000, the renovation of a sprinkler system at Western State Hospital (WSH) costing \$9,313,000, and an upgrade of the electrical and emergency power system at WSH costing \$7,970,000.

Ms. Jurek said a lot of the Cabinet's equipment is outdated and they need to upgrade their network infrastructure to a more web-based environment known as the Kentucky Access, Accuracy, and Accountability Project (KAAAP). This project would benefit the County Attorneys' offices and the Friend of the Courts' offices, which collect child support as contracted by the Cabinet to transfer payments to the citizens.

Representative Crimm asked if people were living in the condemned buildings at Hazelwood Nursing Home. Ms. Jurek stated that the Elk Building is not occupied, but the 101 Building is occupied. The Cabinet put the residential buildings at the top of the priority list for life safety issues.

In response to a question from Ms. Lassiter regarding construction scheduling of the projects, Ms. Jurek replied that the projects could be phased.

Mr. True asked about the status of the smaller facilities at Hazelwood. Secretary Miller replied that these buildings were being built to relocate patients and to separate those patients who have intensive care needs from the more mobile patients who have completely different needs.

Mr. True asked if the Western State Hospital patients are long-term patients. Ms. Jurek said she did not know, but she would get that information for the Board.

Mr. True asked if Medicaid finances these facilities. Secretary Miller replied that a portion is financed by Medicaid. Once a facility is designated by the state as an Institute for Mental Disease, it is covered by Medicaid. Mr. True asked what the mental health occupancy is now. Ms. Jurek stated that they have seen some increases, but it has stayed

relatively constant in the psychiatric hospitals.

Mr. True added that he had some concerns about the lack of communication between the Justice Cabinet and the Cabinet for Health and Family Services because it seems the Cabinets have many opportunities to provide more services. Secretary Miller replied that she recognizes these opportunities, but that the mental health facilities have been affected by a lack of funding for the last ten years.

Mr. True asked if the Cabinet's partners, such as the community health centers, are going to be able to communicate through the KAAAP system. Ms. Jurek stated that would be Phase II of the project where the patient information could be electronically exchanged.

Mr. Hintze asked for a progress report on the relocation of the Eastern State Hospital. Secretary Miller replied that Fayette County has approved bonds to construct the facility and a construction manager has already been contracted to manage this project. The project is currently in Phase A, the design stage. Ms. Jurek added that October 1, 2009 is the completion date for the Design Phase and the new facility will meet Leadership, Energy and Environmental Design (LEED) requirements.

Co-Chair Henley introduced Nikki Jackson, Secretary, and Jill Anderson, Kentucky Human Resources Information System (KHRIS) Project Manager, Personnel Cabinet.

Secretary Jackson gave a brief history of the Personnel Cabinet and then Ms. Anderson explained the Cabinet's one requested project to enhance the Human Resource System. This new system, the Kentucky Human Resource Information System (KHRIS), will replace the legacy payroll and benefits systems, which are 28 years old. The project is planned for the 2012-2014 biennium and will cost \$5,000,000. The Cabinet is working with the Office of State Budget Director and the Finance and Administration Cabinet to determine specific funding needs.

Ms. Lassiter asked what the expectation of this system is since technology changes so rapidly. Ms. Anderson stated that this system would eliminate and reduce some current outdated systems. The vendors say that this system would not need to be upgraded for ten years rather than every three years.

In response to a question from

Ms. Lassiter about legacy costs, Ms. Anderson replied that the Cabinet would need to maintain access to the data. The resources to support the current systems would transfer into KHRIS.

Mr. True asked why there would be a reduction in scope and an increase in costs. Ms. Anderson stated it would reduce risk to the Commonwealth and allow them to better manage the pacing and sequencing of the roll-out to the agencies. She said the original costs were underestimated.

With the conclusion of the agency presentations, Ms. Bowen said the Board's next two meetings were scheduled for September 18 and October 9 at 1 p.m. in the Capitol Annex.

There being no further business, the meeting was adjourned at 3:20pm.

CAPITAL PROJECTS AND BOND OVERSIGHT COMMITTEE

Minutes

August 18, 2009

The Capital Projects and Bond Oversight Committee met Tuesday, August 18, 2009, at 1:00 p.m., in Room 169 of the Capitol Annex. Senator Bob Leeper, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Bob Leeper, Co-Chair; Representative Susan Westrom, Co-Chair; Senators Tom Buford and Julian M. Carroll; Representatives Steven Rudy and Jim Wayne.

Guests: Bob Wiseman, University of Kentucky; Larry Blake, Northern Kentucky University; John Hicks, Governor's Office for Policy and Management; John Nicholson, Kentucky Horse Park, Beth Gravitt, Cabinet for Health and Family Services; Charles Bush, Division of Real Properties, Finance and Administration Cabinet; Sandy Williams, Kentucky Infrastructure Authority; Katie Smith, Department of Financial Incentives; and Brett Antle, Office of Financial Management.

LRC Staff: Don Mullis, Kristi Culpepper, Shawn Bowen, and Samantha Gange.

Representative Rudy made a motion to approve the minutes of the July 16, 2009 meeting. The motion was seconded by Senator Buford and approved by voice vote.

Senator Leeper called on Don Mullis, Committee Staff Administra-

tor, to discuss correspondence and information items. Mr. Mullis said members' folders contained several correspondence items: three reports of a plan by the Finance and Administration Cabinet for the Department of Military Affairs to use the Design-Build project delivery method; correspondence from John Hicks, Deputy Director, Governor's Office for Policy and Management, regarding appropriation bills involving bond funds, and information on the procurement process used for Energy Savings Performance Contracts; and two items of correspondence from John Hayek, Vice President for Finance, Council on Postsecondary Education, regarding final approval of projects for the University of Kentucky (UK) and the University of Louisville, as well as the status of a variety of pools approved by the 2008 General Assembly.

Next Mr. Mullis noted that members' folders contained the staff and bond market updates.

Senator Leeper recognized Bob Wiseman, Vice President for Facilities Management, UK. Mr. Wiseman reported the award of a contract under the Construction-Management-at-risk (CM-at-risk) method to construct the Digital Village Building, Phase 2 at an estimated cost of \$20 million (HB 406 2008-10 Budget). Alternative project delivery methods must be reported to the Committee, but no further action is required.

Next Mr. Wiseman requested approval for a \$2,200,000 unbudgeted project to construct a Children's Garden at the Arboretum. The project will create a child-friendly outdoor area designed to promote learning about plants and the environment. The project will be paid with private donations, and was previously approved by the UK Board of Trustees and the Council on Postsecondary Education.

Senator Buford made a motion to approve the project. The motion was seconded by Representative Westrom and passed unanimously by roll call vote.

Senator Leeper called Larry Blake, Assistant Vice President, Facilities Management, Northern Kentucky University (NKU), to the table. Mr. Blake requested approval for a scope increase for the Construct Soccer Stadium project from restricted funds in the amount of \$689,000. The restricted funds are derived from surplus institutional funds from the Construct Student Union project. The funds will be used to construct

the Soccer Stadium project in order to provide adequate facilities for the athletic program. Mr. Blake said additional funding was necessitated by the reduction in the proceeds from a bond sale by the city of Highland Heights, which could be supported by the debt service available for the project. The revised scope of the project will be \$8,189,000.

Representative Wayne asked if prevailing wage laws were being applied to this project. Mr. Blake responded affirmatively.

Representative Wayne made a motion to approve the scope increase for the NKU Construct Soccer Stadium project. The motion was seconded by Representative Westrom and passed unanimously by roll call vote.

Senator Leeper asked John Hicks to come to the table to discuss several projects. Mr. Hicks first discussed a new project for the Tourism, Arts, and Heritage Cabinet, Kentucky Horse Park (KHP), to construct the American Morgan Horse Pavilion. The project scope is \$4,300,000 from private funds provided by the American Morgan Horse Institute, Inc. The project will consist of a 22,000 square foot building to house the American Morgan Horse Institute (Institute) and a 70-car parking lot. The Institute will procure the site preparation and construction of the project through a competitive process. The lease agreement with the Institute places the responsibility of the operating expense for the facility on the Institute.

Representative Westrom asked if this project will be finished in time for the Alltech FEI World Equestrian Games. John Nicholson, Executive Director, KHP, responded affirmatively and said the commitment with the Institute is that the project must be finished by April 15, 2010.

Senator Carroll asked where the facility will be located. Mr. Nicholson said the facility will be located adjacent to the existing restaurant in the old employee parking lot.

Senator Carroll asked about the status of the road projects at the KHP. Mr. Nicholson said the roads are currently under construction, and should be completed by mid-November.

Senator Buford made a motion to approve the unbudgeted project for the KHP. The motion was seconded by Representative Westrom and passed unanimously by roll call vote.

Next Mr. Hicks reported three allocations from the Fees-In-Lieu-of Stream Mitigation Pool for the Department of Fish and Wildlife Resources. The first allocation was for Cove Springs in Franklin County for restoration and enhancement of 7,000 feet of stream with a project scope of \$1,381,600. The second allocation was for South Fork Curry's Creek in Oldham County to create several thousand feet of new channel with a project scope of \$978,900. The last allocation was for Buck Creek Timberwood Development Tract in Pulaski County for restoration and enhancement of 50,000 linear feet of stream and the purchase of 917 acres with a project scope of \$2,000,000. Projects in excess of \$600,000 funded from the Wetland or Stream Mitigation authorization must be reported to the Committee. No further action was required.

Mr. Hicks then requested approval of a scope increase for the Cabinet for Health and Family Services (CHFS) for the Kentucky Automated Support and Enforcement System (KASES II) in the amount of \$25 million. The source of funds is \$16,500,000 in federal funds and \$8,500,000 in restricted funds from TANF child support collections. This allocation will retain the 66 percent federal to 34 percent state sharing requirement. The project was initially approved in the 2004-06 Budget in the amount of \$6 million. Approximately \$1 million has been spent to-date on a federally required feasibility study. This project will allow substantial improvement in functionality that will aid recipients of child support payments, the providers of those payments, and the caseworkers and others involved in the enforcement of such payment. The revised project scope is \$31 million.

Senator Leeper asked if this project is a one-time expenditure. Mr. Hicks responded affirmatively.

In response to a question from Senator Buford, Beth Gravitt, Division Director, Division of Systems Management, CHFS, said that CHFS is anticipating an 18-21 month timeline for full implementation of the project. Ms. Gravitt said the project is currently in the Request for Proposal (RFP) process.

In response to a question from Senator Carroll, Ms. Gravitt said the total investment of the project would be \$31 million.

Representative Westrom made a motion to approve the scope in-

crease for the CHFS KASES II project. The motion was seconded by Representative Wayne and passed unanimously by roll call vote.

Next Senator Leeper called Charles Bush, Director, Division of Real Properties, Finance and Administration Cabinet, to report 43 emergency leases. Mr. Bush said that the Finance Cabinet has declared an emergency under KRS 56.805 to allow for procurement of temporary storm debris storage sites for the Transportation Cabinet. No action is required for emergency leases.

In response to a question from Senator Leeper, Mr. Bush said that the Transportation Cabinet has made final payment on 47 sites and is in the process of making final payments on another 12 sites.

In response to a question from Senator Carroll concerning the construction of U.S. 421 and what happens with the pile of debris in the right-a-way clearance, Mr. Bush said the contractor is responsible for the disposal of the debris.

Senator Leeper called on Sandy Williams, Financial Analyst, Kentucky Infrastructure Authority (KIA) to present 10 loan requests. Ms. Williams said that the first loan request was a \$950,000 Fund A loan for the KHP in Fayette County for the purchase and installation of an Energy-From-Waste Facility. The Manure Bioenergy Management facility will provide an on-site solution for the disposal of horse-generated muck. This project is expected to substantially offset electric charges incurred and help maintain the unnamed tributaries to Cane Run, which is a major tributary of North Elkhorn Creek. The loan term is 20 years with an interest rate of two percent. The funding for this loan comes from the American Recovery and Reinvestment Act.

The second loan request was a \$796,065 Fund A loan for the City of Calvert City in Marshall County for the Cypress Lakes force main and lift station upgrade. This project consists of replacing the existing pumps in the lift station and constructing a gravity sewer interceptor. The loan term is 20 years with an interest rate of three percent. The funding for this loan comes from the American Recovery and Reinvestment Act.

The third loan request was a \$1,000,000 Fund A loan for the City of Princeton in Caldwell County to perform a detailed sewer system inspection followed by a major sewer rehabilitation project in two collec-

tion system basins that have been indentified in a 2007 Flow Monitoring Study as major contributors to excessive infiltration and inflow in the sewer system. The loan term is 20 years with an interest rate of one percent. Funding for this loan comes from the American Recovery and Reinvestment Act.

The fourth loan request was a \$400,000 Fund A loan for the Sanitation District No. 4 in Boyd County for the Stephens Meade Road project. This project involves installation of approximately one mile of gravity sewer line to serve approximately 20 households. This project will eliminate two existing pump stations. The loan term is 20 years with an interest rate of two percent. Funding for this loan comes from the American Recovery and Reinvestment Act.

The fifth loan request was a \$510,000 Fund A loan for the Northern Madison County Sanitation District in Madison County for construction of the Clays Ferry Estates Wastewater Collection System. The project will provide sewer service to 39 residents. The loan term is 20 years with an interest rate of two percent. Funding for this loan comes from the American Recovery and Reinvestment Act.

The sixth loan request was a \$1,000,000 Fund A Loan for the KHP in Fayette County for the purchase and installation of an Energy-From-Waste Facility. The Manure Bioenergy Management facility will provide an on-site solution for the disposal of horse-generated muck. This project is expected to substantially offset electric charges incurred and help maintain the unnamed tributaries to Cane Run, which is a major tributary of North Elkhorn Creek. The loan term is 20 years with an interest rate of two percent.

Representative Westrom made a motion to approve the six Fund A loan requests. The motion was seconded by Senator Buford and passed unanimously by roll call vote.

Next Ms. Williams reported that the seventh loan request was a \$1,100,000 Fund F loan for the City of McKee in Jackson County to replace leaking asbestos waterlines and make other improvements required by the Kentucky Division of Water as a result of a recent inspection. The loan term is 20 years with an interest rate of one percent. Funding for this loan comes from the American Recovery and Reinvestment Act.

The eighth loan request was a

\$171,840 Fund F loan for the City of Whitesburg in Letcher County to construct a new powder activated carbon feed system after recent fuel spills, as requested by the Kentucky Division of Water. The loan term is 20 years with an interest rate of two percent. Funding for this loan comes from the American Recovery and Reinvestment Act.

The ninth loan request was a \$520,000 Fund F loan for the Breathitt County Water District in Breathitt County to extend water service to 32 residential customers located along Highways 1202, 1114, and 2469. The loan term is 20 years with an interest rate of one percent. Funding for this loan comes from the American Recovery and Reinvestment Act.

The tenth loan request was a \$500,000 Fund F loan for the Black Mountain Utility District in Harlan County to extend water lines along Highway 38 to the Virginia State line and construct two water storage tanks and three booster pump stations. The loan term is 20 years with an interest rate of one percent. Funding for this loan comes from the American Recovery and Reinvestment Act.

Senator Leeper asked why the Fund F loan for the City of Elkton was removed from the agenda. Ms. Williams said the City requested its removal because the KIA Board has not yet approved the project. Ms. Williams said KIA did not notify Committee staff in a timely manner.

Representative Rudy made a motion to approve the four Fund F loan requests. The motion was seconded by Senator Buford and passed unanimously by roll call vote.

Ms. Williams indicated that various coal and tobacco development grants authorized by the General Assembly were included in members' folders. Each project was authorized in a budget bill and no further Committee action was needed.

Next Senator Leeper asked Katie Smith, Deputy Commissioner, Department of Financial Incentives, Cabinet for Economic Development to present one new Economic Development Bond (EDB) pool project. Ms. Smith asked the Committee for its approval of an EDB grant of \$126,000 to the Nelson County Fiscal Court for the benefit of Flowers Foods Inc. Flowers Foods will use the grant proceeds to construct and equip a new 200,000 square foot facility for producing baked goods in Bardstown,

Kentucky. In consideration for the grant, the company will be required to create 105 new full-time jobs for Kentucky residents within three years of occupancy with average wages of at least \$18.46 an hour excluding benefits. Additionally, the company would have to maintain the 105 jobs and wages for another three years. Failure to comply would result in the repayment of grant proceeds to the Nelson County Fiscal Court.

Representative Wayne asked if there was a vacant factory building in Bardstown and if so why was it not being used for this project. Ms. Smith said she would find out and provide the information to Committee staff.

Senator Buford made a motion to approve the EDB grant for Flowers Foods, Inc. The motion was seconded by Representative Wayne and passed unanimously by roll call vote.

Senator Leeper called Brett Antle, Deputy Director, Office of Financial Management to the table. Mr. Antle reported two follow-up reports. The first follow-up report was for the State Property and Buildings Commission (SPBC) Project No.95, Series A Bonds (Revenue Refunding), Series B Bonds (Federally Taxable – Revenue and Revenue Refunding), Series C Bonds (Federally Taxable – Build America Bonds – Direct Payment to Commission). The proceeds from this bond issue provide permanent financing for approximately \$230 million general fund supported projects, and refunds bonds issued by SPBC, Asset/Liability Commission, and KIA to restructure the state's debt service and provide budgetary relief for fiscal year 2010. The Committee approved this bond issue in June 2009.

The second follow-up report was for Morehead State University General Receipts Bonds, Taxable Build America Bonds 2009 Series A. Proceeds from this bond issue provide financing for two projects authorized in HB 406 (2008-10 Budget): Construct Campus Recreation Center and Renovate Alumni Tower. These bonds were issued as direct payment Build America Bonds. The Committee approved this bond issue in June 2009. No Committee action was needed.

Next Mr. Antle reported two new bond issues with the School Facilities Construction Commission (SFCC) debt participation for Carroll County and Walton-Verona Independent in Boone County.

Senator Buford made a motion to approve the new SFCC bond is-

sues. The motion was seconded by Representative Wayne and passed unanimously by roll call vote.

Senator Leeper asked Mr. Mullis to report the new local school bond issues. Mr. Mullis said there were two new school district bond issues with 100 percent local debt support for Kenton County. All disclosure information has been filed. No Committee action was needed.

With there being no further business, Representative Wayne made a motion to adjourn the meeting. The motion was seconded and the meeting adjourned at 1:40 p.m.

ADMINISTRATIVE REGULATION REVIEW SUBCOMMITTEE

**Minutes of the August Meeting
August 12, 2009**

The August meeting of the Administrative Regulation Review Subcommittee was held on Wednesday, August 12, 2009, at 1:00 PM, in Room 149 of the Capitol Annex. Representative Leslie Combs, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Elizabeth Tori, Co-Chair; Representative Leslie Combs, Co-Chair; Senators David Givens, Alice Forgy Kerr, and Joey Pendleton; Representatives Danny Ford, and Jimmie Lee.

Guests: Robert Brown, Alicia Sneed, Education Professional Standards Board; DeVon Hankins, Cindy Murphy, Department of Revenue; Mike Burnside, Kentucky Retirement Systems; Kristen Reese, Kentucky Real Estate Commission; Jim Grawe, Will King, Frances Short, Perry Wornall; Board of Veterinary Examiners; Karalee Oldenkamp, Board of Chiropractic Examiners; Larry Disney, Kentucky Real Estate Appraisers Board; Margaret Plattner, Department of Veterans' Affairs; John Nicholson, Catherine York, Kentucky Horse Park Commission; Jory Becker, Peter Goodman, Abby Powell, Julie Roney, Bruce Scott, Division of Water; Barney Kinman, Steve Lynn, Office of the Secretary; Kristi Redmon, Labor Cabinet; David Hurt, DJ Wasson, Department of Insurance; Nicole Biddle, Marc Guilfoil, Kentucky Horse Racing Commission; Dawn Bellis, Timothy House, Housing, Buildings and Construction.

LRC Staff: Dave Nicholas, Donna Little, Sarah Amburgey, Emily Harkenrider, Karen Howard, Emily Caudill, Jennifer Beeler, and Laura Napier.

The Administrative Regulation Review Subcommittee met on Tuesday, August 11, 2009, and submits this report:

Administrative Regulations Reviewed by the Subcommittee:

EDUCATION PROFESSIONAL STANDARDS BOARD: Advanced Certification and Rank

16 KAR 8:030. Continuing education option for certificate renewal and rank change. Robert Brown, director of professional learning and assessment, and Alicia Sneed, director of legal services, represented the board.

In response to a question by Representative Ford, Mr. Brown stated that the changes to this administrative regulation added rigor to the continuing education program and allowed the board to maintain scoring rubrics for efficiency.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO and STATUTORY AUTHORITY paragraphs to correct citations; (2) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph to clearly state the necessity for and function served by this administrative regulation, as required by KRS 13A.220; (3) to amend Sections 2 through 11 to comply with the drafting and format requirements of KRS Chapter 13A; and (4) to amend Section 10 to update material incorporated by reference. Without objection, and with agreement of the agency, the amendments were approved.

FINANCE AND ADMINISTRATION CABINET: Department of Revenue: Forms

103 KAR 3:020. Sales and telecommunications forms manual. Cindy Murphy, internal policy analyst, represented the department.

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

103 KAR 3:050. Miscellaneous taxes forms manual.

A motion was made and seconded to approve the following amendments: to amend Sections 1, 3, 5, 6, 10, 13, and 15 to comply with the drafting and format requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were ap-

proved.

Kentucky Retirement Systems: General Rules

105 KAR 1:390 & E. Employment after retirement. Mike Burnside, executive director, represented the systems.

GENERAL GOVERNMENT CABINET: Kentucky Real Estate Commission: Real Estate Commission

201 KAR 11:230. Continuing education requirements. Kristen Reese, staff attorney, represented the commission.

In response to questions by Representative Lee, Ms. Reese stated that someone (1) hour-long courses had been offered in the past, but students did not receive credit for them because the administrative regulation required three (3) hour blocks of continuing education. She stated that the commission was developing new, complete, one (1) hour-long courses to correspond with the new administrative regulation provisions that provide credit for one (1) hour continuing education courses.

A motion was made and seconded to approve the following amendments: to amend Sections 3, 5, and 6 to comply with the formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

Board of Veterinary Examiners: Board

201 KAR 16:015. Fees. James J. Grawe, assistant attorney general; Frances Short, executive director of the Division of Occupations and Professions; and Perry W. Wornall, chair, represented the board.

In response to a question by Senator Givens, Mr. Wornall stated that the fund source for the board was fees collected from board licensees.

In response to questions by Representative Lee, Mr. Wornall stated that each licensee had been notified by letter of the proposed fee increase. The General Assembly had recently reclaimed funds from the board in the amount of approximately \$139,000. Ms. Short stated that without the fee increases, the board would be insolvent in the next few fiscal years. She added that complaints to the board had doubled in the last four (4) years, resulting in additional investigation and legal expenses. She stated that the estimated carry forward for Fiscal Year 2010 was \$12,000. She further stated that the proposed fee increases had been

determined considering the possibility that the General Assembly may again reclaim board funds.

In response to questions by Co-Chair Combs, Ms. Short stated that the biennial renewal fees were required by statute and that the licensees preferred the current renewal system. She stated that biennial renewal created an asymmetric budgeting system, but that the benefits of the current system outweighed the negative factors. She added that biennial renewal affected approximately 2,000 licensees.

Board of Chiropractic Examiners: Board

201 KAR 21:090 & E. Coursework for two (2) year prechiropractic education. Dr. Karalee Oldenkamp, D.C., executive director, represented the board.

A motion was made and seconded to approve the following amendments: (1) to amend the STATUTORY AUTHORITY paragraph to correct citations; (2) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph to clearly state the necessity for and function served by this administrative regulation; and (3) to amend Section 1 to comply with the drafting and format requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

Kentucky Real Estate Appraisers Board: Board

201 KAR 30:010. Definitions for 201 KAR Chapter 30. Larry Disney, executive director, and James J. Grawe, assistant attorney general, represented the board.

201 KAR 30:030. Types of appraisers required in federally-related transactions; certification and licensure.

A motion was made and seconded to approve the following amendments: to amend Section 2 to remove beginning dates that are no longer required. Without objection, and with agreement of the agency, the amendments were approved.

201 KAR 30:040. Standards of practice.

201 KAR 30:050. Examination, continuing education, and experience requirement.

A motion was made and seconded to approve the following amendments: (1) to amend Section 1 to correct a minor drafting error; and (2) to add Section 5, which incorporates by reference the required form. Without objection, and with agree-

ment of the agency, the amendments were approved.

201 KAR 30:070. Grievances.

A motion was made and seconded to approve the following amendments: to amend the RELATES TO and STATUTORY AUTHORITY paragraphs to correct citations. Without objection, and with agreement of the agency, the amendments were approved.

201 KAR 30:180. Distance education standards.

A motion was made and seconded to approve the following amendments: to amend Sections 1 and 2 to delete language that is not necessary and to correct formatting. Without objection, and with agreement of the agency, the amendments were approved.

OFFICE OF THE GOVERNOR: Department of Veterans' Affairs: Kentucky Veterans' Program Trust Fund

201 KAR 37:010 & E. Kentucky Veterans' Program Trust Fund, administration of fund. Margaret Plattner, deputy commissioner, represented the department.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO; STATUTORY AUTHORITY; and NECESSITY, FUNCTION, AND CONFORMITY paragraphs to correct citations; (2) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph to clearly state the necessity for and function served by this administrative regulation, as required by KRS 13A.220; (3) to amend Section 2 to clarify a requirement; and (4) to amend Section 3 to comply with the drafting and format requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

TOURISM, ARTS AND HERITAGE CABINET: Kentucky Horse Park Commission: Kentucky Horse Park

300 KAR 7:010. Golf carts, all-terrain vehicles and horse trailers. John Nicholson, executive director, and Catherine York, deputy general counsel, represented the commission.

In response to a question by Senator Pendleton, Mr. Nicholson stated that the administrative regulation allowed exhibitors to use golf carts if licensed to do so.

In response to a question by Representative Ford, Mr. Nicholson stated that ATVs were not allowed because of damage and safety con-

cerns.

In response to a question by Senator Givens, Mr. Nicholson stated that there was a fee to add an unattached horse trailer for stall exhibition purposes. He stated that the park's business was to rent stalls and that the fee was in lieu of the stall rental fee.

A motion was made and seconded to approve the following amendments: (1) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph to clearly state the necessity for and function served by this administrative regulation, as required by KRS 13A.220; and (2) to amend Sections 1 through 5 to comply with the drafting and format requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

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

401 KAR 5:002. Definitions for 401 KAR Chapter 5. Jory Becker, branch manager; Peter Goodmann, assistant executive director; and Bruce Scott, commissioner, represented the division.

In response to a question by Senator Givens, Mr. Scott stated that the amendments to these administrative regulations inserted references to federal regulations in lieu of repeating federal requirements.

401 KAR 5:005. Permits to construct, modify, or operate a facility.

401 KAR 5:055. Scope and applicability of the KPDES Program.

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

401 KAR 5:060. KPDES applications requirements.

401 KAR 5:065. KPDES permit conditions.

401 KAR 5:080. Criteria and standards for the Kentucky Pollutant Discharge Elimination System.

Public Water Supply

401 KAR 8:010. Definitions for 401 KAR Chapter 8. Peter Goodmann, assistant executive director; Julie Roney, drinking water coordinator; and Bruce Scott, commissioner, represented the division.

A motion was made and seconded to approve the following amend-

ments: (1) to amend the RELATES TO and STATUTORY AUTHORITY paragraphs to correct citations; (2) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph to clearly state the necessity for and function served by this administrative regulation, as required by KRS 13A.220; and (3) to amend Section 1 to comply with the drafting and format requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

401 KAR 8:022. Sanitary surveys.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO; STATUTORY AUTHORITY; and NECESSITY, FUNCTION, AND CONFORMITY paragraphs to correct citations; (2) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph to clearly state the necessity for and function served by this administrative regulation, as required by KRS 13A.220; and (3) to amend Section 1 to comply with the drafting and format requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

401 KAR 8:075. Consumer confidence reports.

401 KAR 8:510. Disinfectant residuals, disinfection by-products, and disinfection by-product precursors.

A motion was made and seconded to approve the following amendments: (1) to amend the STATUTORY AUTHORITY paragraph to insert citations; (2) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph to clearly state the necessity for and function served by this administrative regulation, as required by KRS 13A.220; and (3) to amend Section 2 to comply with the drafting and format requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

401 KAR 8:600. Secondary standards.

JUSTICE AND PUBLIC SAFETY CABINET: Office of the Secretary: Special Law Enforcement Officers

500 KAR 2:011. Repeal of 500 KAR 2:010. Barney Kinman, executive staff advisor, and Steve Lynn, assistant general counsel, represented the office.

500 KAR 2:020. Filing and processing SLEO commissions.

A motion was made and sec-

onded to approve the following amendments: to amend Sections 2, 3, 4, 8, 9, 11, 12, 13, 14, and 15 to comply with the drafting and format requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

LABOR CABINET: Department of Workplace Standards: Division of Occupational Safety and Health Compliance: Division of Occupational Safety and Health Education and Training: Occupational Safety and Health

803 KAR 2:300. General. Kristi Redmon, health standards specialist, represented the division.

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

803 KAR 2:306. Occupational health and environmental controls.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO; STATUTORY AUTHORITY; and NECESSITY, FUNCTION, AND CONFORMITY paragraphs to correct citations; (2) to amend Sections 1 and 3 to comply with the drafting and format requirements of KRS Chapter 13A; and (3) to amend Table E-1 in Section 3 to correct typographical errors. Without objection, and with agreement of the agency, the amendments were approved.

803 KAR 2:308. Personal protective equipment.

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

803 KAR 2:311. Fire protection.

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

LATES TO; STATUTORY AUTHORITY; and NECESSITY, FUNCTION, AND CONFORMITY paragraphs to correct citations; and (2) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Section 2 to comply with the drafting and format requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

803 KAR 2:320. Toxic and hazardous substances.

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

803 KAR 2:402. General safety and health provisions.

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

803 KAR 2:403. Occupational health environmental controls.

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

803 KAR 2:417. Steel erection.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO; STATUTORY AUTHORITY; and NECESSITY, FUNCTION, AND CONFORMITY paragraphs to correct citations; and (2) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Sections 2 and 3 to comply with the drafting and format requirements of KRS Chapter 13A.

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

803 KAR 2:425. Toxic and hazardous substances.

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

803 KAR 2:500. Maritime employment.

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

PUBLIC PROTECTION CABINET: Department of Insurance: Assets and Liabilities

806 KAR 6:100. Actuarial opinion and memorandum. David Hurt, chief financial examiner, and DJ Wasson, staff assistant, represented the department.

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

Department of Housing, Buildings and Construction: Division of Heating, Ventilation and Air Conditioning: Heating, Ventilation, and Air Conditioning Licensing Requirements

815 KAR 8:041. Repeal of 815 KAR 8:040. Dawn M. Bellis, general counsel, and Timothy House, director of the Division of Plumbing and acting director of the Division of Heating, Ventilation and Air Conditioning, represented the department.

A motion was made and seconded to approve the following amendments: (1) to amend the title and the STATUTORY AUTHORITY and NECESSITY, FUNCTION, AND CONFORMITY paragraphs to comply with the drafting and format requirements of KRS Chapter 13A; and (2) to create a Section 1 to repeal 815

KAR 8:040. Without objection, and with agreement of the agency, the amendments were approved.

Division of Plumbing: Plumbing
815 KAR 20:191. Minimum fixture requirements.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO and STATUTORY AUTHORITY paragraphs to insert a citation; and (2) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Sections 1, 5 through 9, and 11 through 18 to comply with the drafting and format requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

Division of Building Code Enforcement: Electrical Inspector

815 KAR 35:100. Electrical continuing education procedure.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO; STATUTORY AUTHORITY; and NECESSITY, FUNCTION, AND CONFORMITY paragraphs to correct citations; (2) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph to clearly state the necessity for and function served by this administrative regulation, as required by KRS 13A.220; and (3) to amend Sections 2, 3, 5, and 6 to comply with the drafting and format requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

The following administrative regulations were deferred to the September 8, 2009, meeting of the Subcommittee:

KENTUCKY HIGHER EDUCATION ASSISTANCE AUTHORITY: Division of Student and Administrative Services: Kentucky Loan Program

11 KAR 3:100. Administrative wage garnishment.

KHEAA Grant Programs

11 KAR 5:145. CAP grant award determination procedure.

GENERAL GOVERNMENT CABINET: Board of Hairdressers and Cosmetologists: Board

201 KAR 12:105 & E. School districts.

EDUCATION AND WORKFORCE DEVELOPMENT CABINET: Kentucky Board of Education: Department of Education: Food Service Programs

702 KAR 6:010. Local responsibilities.

702 KAR 6:020. District school

nutrition director.

702 KAR 6:031. Repeal of 702 KAR 6:030.

702 KAR 6:040. Personnel; policies and procedures.

702 KAR 6:045. Personnel; school nutrition employee qualifications.

702 KAR 6:075. Reports and funds.

702 KAR 6:090. Minimum nutritional standards for foods and beverages available on public school campuses during the school day; required nutrition and physical activity reports.

ENERGY AND ENVIRONMENT CABINET: Department for Energy Development and Independence: Division of Oil and Gas Conservation: Division

805 KAR 1:070. Plugging wells; coal-bearing strata.

805 KAR 1:190. Gathering lines.

PUBLIC PROTECTION CABINET: Kentucky Horse Racing Commission: Thoroughbred Racing

810 KAR 1:004. Stewards. Nicole S. Biddle, general counsel, and Marc A. Guilfoil, deputy executive director, represented the commission.

In response to questions by Representative Ford, Ms. Biddle stated that the additional stewards and judges would be compensated by the commission. Mr. Guilfoil stated that the additional stewards and judges would be present at all meets. He stated that, currently, only the two (2) schools referenced in this administrative regulation and 811 KAR 1:015 were accredited for the required training. He added that the examination was both written and oral and was determined by the University of Louisville.

In response to questions by Representative Ford, Senator Kerr, Representative Lee, and Co-Chair Tori, Mr. Guilfoil stated that the governor was responsible for appointing the commission members and that the commission had bylaws for determining what constituted good moral character. He agreed to defer consideration of this administrative regulation and 811 KAR 1:015 in order to consider adding specificity regarding standards for good moral character and to clarify the examination requirements.

A motion was made and seconded to approve the following amendments: (1) to amend Sections 1 and 2 for organization and clarity; (2) to amend Sections 1 and 2 to use statutory terminology; and (3) to amend

Sections 1 through 4 to comply with the drafting and format requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved. Without objection, and with agreement of the agency, this administrative regulation as amended was deferred to the September meeting of the Subcommittee.

Harness Racing

811 KAR 1:015. Race officials.

A motion was made and seconded to approve the following amendments: (1) to amend Sections 2 and 4 to use statutory terminology; and (2) to amend Sections 2, 4, 8, 11, 12, 14, and 22 to comply with the drafting and format requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved. Without objection, and with agreement of the agency, this administrative regulation as amended was deferred to the September meeting of the Subcommittee.

CABINET FOR HEALTH AND FAMILY SERVICES: Office of Health Policy: Certificate of Need

900 KAR 6:051. Repeal of 900 KAR 6:050.

900 KAR 6:055. Certificate of need forms.

900 KAR 6:060. Timetable for submission of certificate of need applications.

900 KAR 6:065. Certificate of need application process.

900 KAR 6:070. Certificate of Need considerations for formal review.

900 KAR 6:080. Certificate of Need emergency circumstances.

900 KAR 6:085. Transfers of Certificate of Need.

900 KAR 6:090. Certificate of Need filing, hearing and show cause hearing.

900 KAR 6:095. Certificate of Need administrative escalations.

900 KAR 6:100. Certificate of Need standards for Implementation and biennial review.

900 KAR 6:105. Certificate of Need advisory opinions.

900 KAR 6:110. Certificate of Need notification of the addition or establishment of a health service, or notification of the reduction or termination of a health service, or reduction of bed capacity, or notice of intent to acquire a health facility or health service.

900 KAR 6:115. Certificate of Need critical access hospitals, swing beds, and certification of continuing

care retirement communities.

900 KAR 6:120. Certificate of Need pilot projects.

900 KAR 6:125. Certificate of Need annual surveys, and registration requirements for new magnetic resonance imaging units.

The Subcommittee adjourned at 1:50 p.m. until September 8, 2009.

GOVERNMENT CONTRACT REVIEW COMMITTEE

**Committee Minutes
September 8, 2009**

The 3rd meeting of the Government Contract Review Committee was held on Tuesday, September 8, 2009, at 10:00 AM, in Room 171 of the Capitol Annex. Representative Dennis Horlander, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Vernie McGaha, Co-Chair; Representative Dennis Horlander, Co-Chair; Senators Julian M. Carroll, Carroll Gibson, and Elizabeth Tori; Representatives Brad Montell and Brent Yonts.

Guests: Laura Dudgeon, Katie Quitter, David Holcomb, Donna Davis, Connie Lester, Donna Tackett, Paul Brooks, Donna Norton, Talina Mathews, Walt Gaffield, Neal Lanham, and Betsy Kennedy.

LRC Staff: Kim Eisner, Matt Ross, and Becky Brooker.

A motion was made by Representative Yonts to approve Minutes of the August 11, 2009 meeting of the committee. Senator Carroll seconded the motion, which passed without objection.

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

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

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

A motion was made by Repre-

sentative Yonts to consider as reviewed, the Memoranda of Agreement Amendment List, with exception of those items selected for further review by members of the committee. Senator Carroll seconded the motion, which passed without objection.

THE FOLLOWING PERSONAL SERVICE CONTRACTS WERE REVIEWED WITHOUT OBJECTION:

AUDITOR OF PUBLIC ACCOUNTS, OFFICE OF THE:

Tichenor & Associates, 1000000326; Cotton & Allen, PSC, 1000000359.

DEPARTMENT FOR MENTAL HEALTH, DEVELOPMENTAL DISABILITIES & ADDICTION SERVICES:

Tri-State Podiatric Medical Services, PSC, 0900012999.

FINANCE AND ADMINISTRATION CABINET - DIVISION OF ENGINEERING:

Beaver Creek Hydrology, LLC, 1000000143.

INFRASTRUCTURE AUTHORITY:

Kentucky Rural Water Associates, 1000000202.

JUSTICE CABINET:

AIT Laboratories, 1000000197.

KENTUCKY COMMUNITY & TECHNICAL COLLEGE SYSTEM:

Alamo Community College District, KCTPS419; Lansing Community College, KCTPS421; Spartanburg Community College, KCTPS422.

MURRAY STATE UNIVERSITY:

Mercer (US) Incorporated, 01210.

TRANSPORTATION CABINET:

PB Americas Incorporated, 1000000174.

UNIVERSITY OF KENTUCKY:

Witt/Kieffer, K10123; Reagan Marketing, K10124.

WESTERN KENTUCKY UNIVERSITY:

Staggs & Fisher Consulting Engineers Incorporated, 091019.

THE FOLLOWING PERSONAL SERVICE AMENDMENTS WERE REVIEWED WITHOUT OBJECTION:

AUDITOR OF PUBLIC ACCOUNTS, OFFICE OF THE:

Potter & Company, LLP, 0800010335; Ross & Company, PLLC, 0900011693; Harding Shymanski & Company, 0900013021.

DEPARTMENT FOR COMMUNITY BASED SERVICES:

Prevent Child Abuse Kentucky, 0800008787.

DEPARTMENT FOR MEDICAID SERVICES:

Marilyn Morse, 0700004082.

DEPARTMENT FOR NATURAL RESOURCES:

Multi, 0800011097.

EDUCATION, DEPARTMENT OF:

Nancy Toelle, 0900012570.

FINANCE AND ADMINISTRATION CABINET - DIVISION OF ENGINEERING:

Ross Tarrant Architects Incorporated, 0700003254; Ross Tarrant Architects Incorporated, 0700003254; Peck Flannery Gream Warren Incorporated, 0700003483; Hastings & Chivetta Architects, 0700004255; Voelker Blackburn Niehoff Architects, 0700006447; Stantec Consulting Services Incorporated, 0800006925.

TRANSPORTATION CABINET:

DLZ Kentucky Incorporated, 0600000856; Qk4, 0700004069; HMB Professional Engineers Incorporated, 0700004075; URS Corporation, 0700004076; Palmer Engineering Company, 0700005633; Lochner H W Incorporated Consulting, 0800009842; J M Crawford & Associates, C-03078748; Municipal Engineering Company, C-03178418; HMB Professional Engineers Incorporated, C-99005279-9; Vaughn & Melton, C-99005617-4.

TRANSPORTATION CABINET:

HMB Professional Engineers Incorporated, M-02419902-4.

UNIVERSITY OF KENTUCKY:

BKD, K09102; Commonwealth Anesthesia, PSC, K09156.

UNIVERSITY OF LOUISVILLE:

MACTEC Engineering, 09004; Arrasmith, Judd, Rapp, Chovan, 09058; Omni Architects, 09092.

WORKER'S COMPENSATION FUNDING COMMISSION:

Vonlehman & Company, PSC, 0900012887.

THE FOLLOWING MEMORANDA OF AGREEMENTS WERE REVIEWED WITHOUT OBJECTION:

DEPARTMENT FOR FAMILY RESOURCE CENTERS & VOLUNTEER SERVICES:

Barren County Board of Education, 1000000130; Ohio Valley Education Coop, 1000000131; Ohio Valley Education Coop, 1000000132; Kentucky Department of Corrections, 1000000133.

EDUCATION, DEPARTMENT OF:

Carroll County Board of Education, 0900012217; Crittenden City Board of Education, 0900012224; Lincoln County Board of Education, 0900012270; Ludlow Independent Board of Education, 0900012273; Meade County Board of Education,

0900012282; Menifee County Board of Education, 0900012283; Montgomery County Board of Education, 0900012288; Muhlenberg County Board of Education, 0900012289; Owensboro Independent Board of Education, 0900012294; Central Kentucky Educational Cooperative, 0900012400; Covington Independent Board of Education, 0900012639; Pendleton County Board of Education, 0900012693; Union County Board of Education, 0900012697; Montgomery County Board of Education, 0900012706; Scott County Board of Education, 0900012712; Marion County Board of Education, 0900012719; Nicholas County Board of Education, 0900012722; Pulaski County Board of Education, 0900012737; Fayette County Board of Education, 1000000102; Shelby County Board of Education, 1000000165; Mason County Board of Education, 1000000170; Scott County Board of Education, 1000000171; Shelby County Board of Education, 1000000185; Paintsville Independent Board of Education, 1000000186; Madison County Board of Education, 1000000187; Bell County Board of Education, 1000000210; Eminence Independent Board of Education, 1000000217; Fayette County Board of Education, 1000000218; Harlan County Board of Education, 1000000220; Henderson County Board of Education, 1000000221; Jessamine County Board of Education, 1000000223; Kenton County Board of Education, 1000000225; Jefferson County Board of Education, 1000000230.

INFRASTRUCTURE AUTHORITY:

Harlan County Fiscal Court, 1000000200; Barren River Area Development District, 1000000252; Big Sandy Area Development District, 1000000316; Bluegrass Area Development District, 1000000327; Buffalo Trace Area Development District, 1000000328; Cumberland Valley Area Development District Incorporated, 1000000332; Fivco Area Development District, 1000000333; Gateway Area Development District, 1000000334; Green River Area Development District, 1000000335; Kentucky River Area Development District, 1000000336; Kentuckiana Regional Planning District, 1000000337; Lake Cumberland Area Development District, 1000000339; Lincoln Trail Area Development District, 1000000340; Northern Kentucky Area Development District,

1000000341; Pennyriple Area Development District, 1000000342; Purchase Area Development District, 1000000345.

MILITARY AFFAIRS, DEPARTMENT OF:

City of Bardstown, 1000000137.

OFFICE OF THE GOVERNOR, DEPARTMENT FOR LOCAL GOVERNMENT:

Knott County Fiscal Court, 0800011191; London Laurel County Tourist Commission, 0900012923; City of Morton's Gap, 1000000215; City of Dawson Springs, 1000000216; Ohio County Fiscal Court, 1000000346.

PARKS, DEPARTMENT OF:

Breaks Interstate Parks Commission, 0900011857.

THE FOLLOWING MEMORANDA OF AGREEMENT AMENDMENTS WERE REVIEWED WITHOUT OBJECTION:

AGRICULTURE, DEPARTMENT OF:

Multi, 0900011722.

DEPARTMENT FOR ENVIRONMENTAL PROTECTION:

Tetra Tech Incorporated, 0600002657.

DEPARTMENT FOR FAMILY RESOURCE CENTERS & VOLUNTEER SERVICES:

Green River Area Development District, 0800006791.

EDUCATION, DEPARTMENT OF:

Fayette County Board of Education, 0800007623; Boone County Board of Education, 0800007941; Lewis County Board of Education, 0800008323; Middlesboro Independent Board of Education, 0800008331; Jefferson County Board of Education, 0900011725; Jefferson County Board of Education, 0900011728; Jefferson County Board of Education, 0900011752; Jefferson County Board of Education, 0900011776; Jefferson County Board of Education, 0900011782; Jefferson County Board of Education, 0900012102; Jefferson County Board of Education, 0900013012.

JUVENILE JUSTICE, DEPARTMENT OF:

Owensboro Independent, 0900011717; Daviess County Board of Education, 0900011911.

OFFICE OF THE GOVERNOR, DEPARTMENT FOR LOCAL GOVERNMENT:

Greenup County Fiscal Court, 0600003021; Greenup County Fiscal Court, 0700003153; Union County Fiscal Court, 0700003333; Union

County Fiscal Court, 0700003335; City of Irvine, 0700003879; Martin County Economic Authority, 0700005283; Greenup County Fiscal Court, 0700006461; Johnson County Fiscal Court, 0800010456; Knott County Fiscal Court, 0800010485; Crittenden County Fiscal Court, 0800010637; Perry County Fiscal Court, 0800011299.

WORKFORCE INVESTMENT, OFFICE OF:

Louisville Metro Government, 0800008186; Madison County Board of Education, 0800009127; Buffalo Trace Area Development District, 0800009148; Kenton County Board of Education, 0800009817.

WORKPLACE STANDARDS, DEPARTMENT OF:

Department for Public Health, 0800008171.

THE FOLLOWING PERSONAL SERVICE CONTRACTS WERE SELECTED FOR FURTHER REVIEW:

ADMINISTRATIVE OFFICE OF THE COURTS:

Graydon Head & Ritchey, LLP, 1000000189. Laura Dudgeon and Katie Quitter discussed the contract with the committee. A motion was made by Senator McGaha to disapprove the contract. Senator Tori seconded the motion, which did not pass with Senators Carroll and Gibson voting NO and Representative Montell electing to abstain (PASS).

KENTUCKY COMMUNITY & TECHNICAL COLLEGE SYSTEM:

Jobs for the Future, KCTPS418. David Holcomb and Donna Davis discussed the contract with the committee. A motion was made by Representative Yonts to consider the contract as reviewed. Senator Tori seconded the motion, which passed with Senator McGaha electing to abstain (PASS).

THE FOLLOWING PERSONAL SERVICE CONTRACTS AMENDMENTS WERE SELECTED FOR FURTHER REVIEW:

EDUCATION, DEPARTMENT OF:

Multi, 0800009352. Connie Lester and Donna Tackett discussed the contract with the committee. A motion was made by Senator McGaha to consider the contract as reviewed. Representative Yonts seconded the motion, which passed unanimously.

FINANCE AND ADMINISTRATION CABINET - DIVISION OF ENGINEERING:

Gartner Burdick Bauer Nilsen, C-06042845. A motion was made

by Senator McGaha to consider the contract as reviewed. Representative Yonts seconded the motion, which passed unanimously.

THE FOLLOWING MEMORANDUM OF AGREEMENT WAS SELECTED FOR FURTHER REVIEW:

DEPARTMENT OF ENERGY DEVELOPMENT AND INDEPENDENCE:

Center for Climate Strategies, 0900012938. Paul Brooks, Donna Norton, and Talina Mathews discussed the contract with the committee. A motion was made by Senator Carroll to consider the contract as reviewed. Representative Yonts seconded the motion, which passed with Senator Tori and Representative Montell voting NO and Senator McGaha electing to abstain (PASS).

DEPARTMENT OF ENERGY DEVELOPMENT AND INDEPENDENCE:

Pride, 1000000101. Paul Brooks, Donna Norton, and Talina Mathews discussed the contract with the committee. A motion was made by Representative Yonts to consider the contract as reviewed. Senator Carroll seconded the motion, which passed unanimously.

THE FOLLOWING MEMORANDA OF AGREEMENTS FOR \$50,000 AND UNDER WERE SELECTED FOR FURTHER REVIEW:

DEPARTMENT OF ENERGY DEVELOPMENT AND INDEPENDENCE:

National Energy Education Development Project, 1000000052; Cedar Incorporated, 1000000089; Cedar West, Incorporated, 1000000092; Bluegrass Pride Incorporated, 1000000096. Paul Brooks and Donna Norton discussed the contracts with the committee. A motion was made by Representative Yonts to consider the contracts as reviewed. Representative Montell seconded the motion, which passed unanimously.

PERSONNEL-OFFICE OF THE SECRETARY:

Kentucky Department of Education, 1000000163. Walt Gaffield and Neal Lanham discussed the contract with the committee. A motion was made by Senator McGaha to consider the contract as reviewed. Representative Yonts seconded the motion, which passed unanimously.

DEFERRED ITEMS

DEPARTMENT FOR PUBLIC HEALTH:

St. Elizabeth Medical Center, 0800008084. Betsy Kennedy discussed the contract with the committee. A motion was made by Representative Montell to consider the contract as reviewed. Representative

Yonts seconded the motion, which passed unanimously.

DEPARTMENT FOR PUBLIC HEALTH:

First Onsite, LLC, 0900011834. Contract withdrawn from consideration at the request of the agency.

With no further business before the committee, the meeting adjourned at 11:40 AM.

**LAND STEWARDSHIP AND CONSERVATION TASK FORCE
Minutes of the 2nd Meeting
of the 2009 Interim
August 13, 2009**

The 2nd meeting of the Land Stewardship and Conservation Task Force was held on Thursday, August 13, 2009, at 1:00 PM, in Room 129 of the Capitol Annex. Senator Brandon Smith, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Brandon Smith, Co-Chair; Hugh Archer, Larry Arnett, Elizabeth Bennett, Frances Brown, William Brown, Mark Dennen, Don Dott, Bob Marrett, William Martin, K.A. Owens, and Bruce Williams.

Guests: Representative Charlie Hoffman; Greg Kuhns, vice president of the Kentucky Woodland Owners Association; Darrin Moore, Administrative Services Director for the Kentucky Department of Fish and Wildlife Resources; and Lynn Garrison, formerly of the Kentucky Department of Fish and Wildlife Resources.

LRC Staff: Stefan Kasacavage and Ashlee McDonald.

Senator Smith, Chair, called the meeting to order. A quorum was present. Chair Smith asked Lynn Garrison to give his presentation on the necessary elements of successful land conservation legislation.

Mr. Garrison began by stating that he formerly worked for the Kentucky Department of Fish and Wildlife Resources and that he had always had an interest in state land conservation legislation. In preparation for his presentation, he reviewed land conservation legislation from every state and how that legislation was funded. He also spoke with many state officials who administered their states' conservation programs to determine what aspects of their state programs were working. In order to gauge public sentiment and perception with regard to different state programs, he also read local newspaper articles on the implementation and administration of state land

conservation programs. Mr. Garrison thanked the task force for allowing him to participate in giving input to the legislative proposals that the task force would recommend. He then stated that we all talk about our rich natural heritage in Kentucky and what it means from the standpoint of aesthetic, ecological, educational, cultural, recreational, and scientific values. If we are going to enjoy these values in the future, then it is necessary that we do something now to protect those interests.

Mr. Garrison started his presentation on the essential elements of good land stewardship and conservation legislation. He stated that a title must be carefully chosen in order to meet Kentucky constitutional standards and to accurately convey what the legislation would be about.

Mr. Garrison continued by discussing the two largest land conservation programs in the country, Florida and Minnesota. The Florida Forever Act (2000), which extended Florida's land conservation program until 2020, provides \$300 million per year for land conservation and acquisition. Florida has acquired a total of 3.8 million acres of conserved land and 2.4 million acres of that has been purchased through the Florida Forever Act and its predecessor the Florida Preservation 2000 Act (1990). Minnesota recently enhanced its funding for land conservation acquisitions by enacting a 3/8 of 1% sales tax increase. The Florida and Minnesota programs are so big with so much money to spend that it has become a problem for them to administer their land acquisition programs. Both states have a separate land division that can make land acquisitions without going through other state agencies, which greatly expedites the land acquisition process. Maintaining a streamlined land acquisition process is crucial for being able to take advantage of good land acquisition opportunities while they are still available. Only programs as big as those in Minnesota and Florida acquire enough land to justify these separate land divisions.

Legislative findings are not usually included in Kentucky legislation, even though they are almost considered key elements of federal legislation. Including these findings helps to convey the purpose for enacting the legislation as well as enhances transparency of the legislation to the average reader. Although specific definitions to be included in the

bill were not discussed, Mr. Garrison posited that the definitions section of the bill will likely be exhaustive and crucial to how the legislative proposal would function.

The legislative proposal must establish a board to administer funds for land conservation and acquisition. The board could be tied to an existing board such as the Heritage Land Conservation Board or the PACE Board, or it could be an entirely independent board. The role of the board and its composition will depend heavily on how the funds will be used in the legislative proposal. Regardless, it would probably be necessary to appoint a broad diversity of people to the board.

The board should be required to develop a comprehensive statewide land stewardship and acquisition plan; other successful state conservation programs as well as the federal government have developed these plans. The statewide plan should broadly outline the conservation strategy that should be pursued and prioritize Kentucky's land conservation needs. State agencies and other groups that seek money from the fund should then be required to develop land conservation plans that are consistent with the statewide plan. This would increase the efficiency and wisdom with which the funds would be spent. All of the latest techniques would be deployed in formulating these plans including GIS and technical expertise from all the natural resource management agencies. The plan would contain measurable goals and would be routinely revised and updated to track the state's current conservation needs. It would be wise for the board to employ some technical assistance to provide advice to the board on how to most wisely and efficiently expend its funds, assuming that the amount of funds that the board is administering warrants such assistance.

The legislative proposal should clearly articulate the purposes for which the conservation funds must be expended. States have enacted land conservation legislation with varying specificity as to purpose. Those that have been more specific have been more successful in avoiding unnecessary infighting and delay in expending their funds. Mr. Garrison outlined many purposes that he believed should guide the spending of land conservation funds in his PowerPoint presentation, which is on file at the LRC library.

Mr. Garrison continued by discussing land acquisition tools, other than purchasing land in fee simple absolute, that the board would be able to implement to most efficiently protect the most land as possible. These tools would include tax credits for conservation donations, transfer of development rights, purchase of agricultural conservation easements (PACE), forest legacy programs where lands are acquired that are part of a working landscape, tax relief like the Michigan circuit-breaker tax, differential assessment laws for agricultural, forest, and conservation lands, mitigation ordinances and policies – for every acre developed, an acre is conserved, and cooperative conservation, which is the most efficient strategy for conserving the most land for the least money.

The legislative proposal should also establish a dedicated land stewardship and conservation fund. As previously discussed, the proposal would have to include the purpose of the fund, how the fund would be administered, who would administer the fund, who would be eligible for moneys from the fund, and from where the revenues for the fund would come. The source of revenues for the fund is one of the most important aspects of the legislative proposal. Revenue sources for land conservation programs in other states include dedicated portions of state lotteries (AZ, CO, ME, MN, NE, and others), constitutionally protected fractional sales tax increases (AR, MN, MO), dedicated portions of existing sales taxes (TX, VA, NJ), real estate transaction taxes, document taxes (Florida Forever is primarily funded by a document tax and a phosphate tax), tax incentives or credits for conservation donations (16 states), general obligation and revenue bonds, gambling/gaming taxes, mineral leases (LA, MI), user fees, impact fees, cigarette taxes (PA raises \$20 million/year for land conservation this way), and general fund appropriations (Wisconsin appropriates \$86 million/year).

Chair Smith asked Mr. Garrison if he believed that alternate uses of conserved land, such as setting up concessions on those lands with money coming back to the state, would be a good idea. Chair Smith said that the Chesapeake Bay is one of the places that allows an alternate use like this.

Mr. Garrison responded that he was somewhat philosophically op-

posed to it because he had seen instances where on some federal lands the use of concessions has gotten out of control. In these instances, concessionaries were allowed to dictate how the conserved lands could be used. A legislative proposal that would include this kind of alternate use for conserved lands would have to be very cautious to prevent any exploitation of the conserved lands.

Mr. Brown commented that in difficult economic times, it is desirable to convert conserved lands into more profitable alternate uses. A proposal should carefully guard against this tendency.

Chair Smith agreed and explained that in some instances, such as the Grand Canyon, concessions pay for new access opportunities that would not have been available otherwise. A balance could be struck that would allow for these new opportunities to be afforded by alternate use without allowing profit motive to exploit the conserved land.

Mr. Garrison agreed that access to the land could be enhanced by alternate uses if it is appropriately controlled.

Mr. Garrison continued by discussing how much revenue the proposal should seek to raise for land conservation. Kentucky has over 25 million acres of land, conserving 10% is 2.5 million acres, and 1% is 250,000 acres; the conservation of even this tiny bit would be very expensive. Revenue raising mechanisms that would require a large amount of funds to be raised at one time have less of a chance of passing than funds that were slowly collected over time, such as fractional sales tax increases. Constitutional amendments containing fractional sales tax increases are also politically palatable because the voters of the state shoulder the political responsibility for imposing the tax on themselves.

Chair Smith asked how much of the property acquired by states was property that was donated to the state as part of a decedent's estate or for the purposes of tax benefits.

Mr. Garrison replied that 16 states have tax credits for the donation of conservation easements. These states have enjoyed an incredible interest in these programs, so much so that there are many instances where states do not have the funds available to accept all of the lands into conservation programs that have applied.

Mr. Archer commented that groups were trying to pass federal legislation that would make tax credits permanent for the donation of land into agricultural conservation easements. He also added large forest blocks, watersheds, and wildlife corridors should be included in the land conservation goals in the legislative proposal.

Mr. Garrison agreed, in a mock draft of a legislative proposal that he did, he included those specifics.

Mr. Marrett asked if there was more information on land conservation programs in states like Arkansas, Indiana, West Virginia, and Tennessee that were economically similar to Kentucky. Specifically, he wanted to know how much of a sales tax increase Arkansas had dedicated to land conservation.

Mr. Garrison responded that Arkansas was very economically and geographically similar to Kentucky and that they had implemented a 1/8 of 1% sales tax increase for land conservation purposes which raises about \$40 million per year. Recent polling in Arkansas has shown that the program is now overwhelmingly popular, even though the amendment only passed by .2%. It now has over 80% support from the general public.

Mr. Dott asked what Mr. Garrison's goal would be for the percentage of land in Kentucky that he would like to see conserved.

Mr. Garrison responded that he did not have a scientifically based response, but 12% seems to be a popular goal for other states. Mr. Dott added that a statewide conservation plan would be very helpful, and Mr. Garrison agreed.

Mr. Archer commented that he believed that South Carolina's heritage board gets \$25 million per year for land conservation purposes from its land transfer tax, which was much more than the \$3 or \$4 million that Kentucky got per year. Tennessee and Georgia also collect much more in transfer taxes for conservation purposes than Kentucky. Unlike all of the other southeastern states, Kentucky does not have a state tax credit for donation of conservation easements nor is there a transfer or docket stamp tax. Kentucky stands out in the southeast for the minimal amount of revenues it raises for land conservation purposes.

Mr. Garrison stated that Kentucky stood out in the country as far as money raised for land conserva-

tion and for the amount of land conserved.

Dr. Kuhns asked if Mr. Garrison could expand on how cooperative conservation works as a tool for land conservation.

Mr. Garrison responded that cooperative conservation programs include working with landowners to enhance wildlife habitats, having cooperative agreements with recreational groups to develop trails, and working with private individuals to do a better job of conserving their own land. Cooperative conservation also includes working with non-governmental organizations like The Nature Conservancy and the Land Trust Alliance.

Dr. Kuhns asked if in other states there were tax incentives or direct funding to support cooperative conservation. Mr. Garrison stated that there were tax incentives for donations of land for conservation purposes.

Mr. Williams commented that he believed that the essential elements of the legislative proposal would include creating a new source of dedicated funding at the state level, having some inter-agency coordination mechanism, and developing a statewide strategy for land conservation. He would like to work with task force members in putting a draft legislative proposal together for the next meeting for discussion. The other members agreed.

Mr. Archer commented that a current bill before Congress would put \$900 million back into the land and water conservation fund. In Kentucky, the \$1-3 million allotted to the state per year goes to state and local government. In every other state in the country, it goes to the state department of natural resources for land acquisition programs. Since much more money will now be coming into the state through this fund, it would be useful for the task force members to stay apprised of how the money is being spent.

There being no further business, Chair Smith adjourned the meeting.

PROGRAM REVIEW AND INVESTIGATIONS COMMITTEE

**Minutes
August 13, 2009**

The Program Review and Investigations Committee met on Thursday, August 13, 2009, at 10:00 AM, in Room 131 of the Capitol Annex. Representative Reginald Meeks, Chair, called the meeting to order,

and the secretary called the roll.

Present were:

Members: Senator John Schickel, Co-Chair; Representative Reginald Meeks, Co-Chair; Senators Vernie McGaha, R.J. Palmer II, Joey Pendleton, Dan "Malano" Seum, Brandon Smith, and Katie Kratz Stine; Representatives Dwight D. Butler, Leslie Combs, Ruth Ann Palumbo, Rick Rand, Arnold Simpson, and Ken Upchurch.

Legislative Guest: Senator Alice Forgy Kerr.

Guests: Dr. Phillip Rogers, Executive Director, Education Professional Standards Board. Michael Dailey, Director of Educator Quality and Diversity; Sally Sugg, Associate Commissioner; Office of Leadership and School Improvement, Kentucky Department of Education.

LRC Staff: Greg Hager, Committee Staff Administrator; Rick Graycarek; Christopher Hall; Colleen Kennedy; Van Knowles; Lora Littleton; Jean Ann Myatt; Rkia Rhrib; Sarah Spaulding; Katherine Thomas; Stella Mountain, Committee Assistant.

Upon motion made by Representative Combs and seconded by Senator McGaha, the minutes of the July 9, 2009 meeting were approved by voice vote, without objection.

Rick Graycarek presented the report Education Professional Standards Board.

Mr. Graycarek said that the study's two objectives were to describe the organization and operation of the Education Professional Standards Board (EPSB) and examine how EPSB performs its statutory and regulatory duties.

He said EPSB accredits teacher preparation units, certifies teachers and administrators, oversees educator certification tests, oversees the teacher internship program, and adjudicates disciplinary allegations.

He said the study has six major conclusions. 1) Education responsibility in Kentucky is divided among several agencies including the Department of Education (KDE), which oversees primary and secondary education; the Council on Postsecondary Education (CPE), which oversees higher education; and the Education Professional Standards Board (EPSB), which certifies teachers who serve in primary and secondary schools, and accredits teacher preparation units. 2) The number of public school teachers in Kentucky is increasing and as of the 2007-2008 school year there were more than 43,000 full-

time equivalent public school teachers. A growing number of those are entering the profession through alternative certification routes. 3) The state accreditation process for teacher preparation units is long and complex. 4) EPSB has some difficulty in tracking complaints against teachers. 5) EPSB staff decide which complaints against teachers are forwarded to the entire board for review and possible disciplinary action. 6) During the early part of the year in 2009, 208 teacher candidates were delayed entry into the required one-year internship program primarily due to budget reasons.

Mr. Graycarek said the number of teachers in Kentucky is increasing but teacher shortages exist in particular subject areas such as math, science, foreign languages, and special education. Of the public school teachers in Kentucky, 95 percent are white, 4 percent are black, and less than 1 percent are Hispanic. Of the public school student population in Kentucky, 84 percent are white, 11 percent are black, and 3 percent are Hispanic. KDE oversees the effort to recruit more minority teachers in Kentucky. The number of minority teachers in Kentucky is increasing and, in recent years, about 4.7 to 5.7 percent of all graduates of teacher preparation programs are black and up to 1 percent are Hispanic.

He said KDE, in collaboration with EPSB, is supposed to review and revise a minority recruitment strategic plan with the purpose of increasing the number of minority teachers and administrators in Kentucky. That plan has not been revised or published in recent years. Recommendation 2.1 is that the Kentucky Department of Education should revise and publish the minority recruitment strategic plan as per KRS 161.165.

Mr. Graycarek said EPSB has a 17-member board, of whom 15 members are appointed by the governor and confirmed by the General Assembly. Of the 15, 9 are teachers, 2 are school administrators, 1 is a local school board representative, and 3 are postsecondary representatives. The 2 ex-officio members are the president of CPE or designee and the commissioner of education or designee.

He said EPSB employs 34 full-time staff, 5 interim staff, and 10 part-time staff, which is fewer staff than in FY 2005. In FY 2009, EPSB's budget was \$9.9 million, about \$1.4 million less than it was in FY 2008.

To deal with these expenditure reductions, the agency has reduced spending across all divisions, has eliminated some board meetings, and has delayed certain types of training.

Mr. Graycarek said EPSB contracts with 4 attorneys to help them with disciplinary case work. For FY 2009 and FY 2010, the total cost of those contracts could be as high as \$209,000. Recommendation 1.1 is that the Education Professional Standards Board should determine if it would be more cost-effective and appropriate to replace its contract attorneys with an attorney on staff.

Mr. Graycarek said teacher preparation units in Kentucky must be accredited by EPSB. "Units" are colleges, schools, or departments of education that provide teacher preparation training. There are 28 accredited teacher preparation units in Kentucky. Those units provide particular program areas of study such as math or elementary education, and in Kentucky there are at least 39 different program areas.

To accredit those units, EPSB uses 6 national accreditation standards that cover areas such as diversity of teacher candidates, skills and knowledge, and leadership and governance. National accreditation is optional, and 15 of the 28 teacher preparation units in Kentucky are nationally accredited.

He said the accreditation process is long and complex. In general, the teacher preparation units begin preparing for that accreditation up to 2 years prior to the actual on-site accreditation. The process includes staff reviews, various committee reviews, an on-site accreditation examination, a review of the on-site accreditation examination, and finally the board's decision on whether or not to accredit the unit.

Mr. Graycarek said on-site review teams are called Board of Examiners (BOE) teams. They include teachers, school and district administrators, faculty or staff from other postsecondary education institutions, and others. They must be trained by EPSB staff to conduct these on-site accreditation visits. Some concern exists, however, that the teams may include members from institutions dissimilar to the unit being accredited and may not fully relate to the challenges and conditions of such an institution.

Recommendation 3.2 is that EPSB should consider establishing guidelines to ensure that Board of

Examiners teams are reasonably representative of the type of institution being evaluated.

Mr. Graycarek said, when a teacher preparation unit is seeking state-only accreditation, it has 6 on-site reviewers, regardless of the size of the unit. There are some concerns that this is not proportional to the size of the program. Other states as well as the national accreditation organization, NCATE, vary the number of team members based upon the size of the unit and number of programs. Recommendation 3.1 is for EPSB to consider adjusting the number of Board of Examiners team members for state-only accreditation visits based on the size of the unit and number of programs to be evaluated.

Mr. Graycarek said in Kentucky, public school teachers must be certified by EPSB. There are 6 types of primary certificates. A base certificate is the most common and is typically earned by people who complete a bachelor's degree program in teaching and successfully complete an internship program. An increasing number of people, however, are entering the teaching profession by earning teacher's certification through one of 7 alternative certification routes. This allows someone with a bachelor's degree or higher and certain other characteristics, such as exceptional work experience or military service, to earn a teaching certificate. The number of emergency certificates issued to teachers in Kentucky has been decreasing. Emergency certificates are granted to people who are otherwise not certified to teach, and there are exceptional circumstances that have to occur for these certificates to be granted.

He said teachers may become a National Board Certified Teacher (NBCT), which is optional. In 2000, the Kentucky General Assembly set a goal for every public school in Kentucky to have at least 1 NBCT by the year 2020. As of this past school year, 162 school districts out of the 174 school districts have at least 1 NBCT in less than half of their schools, and 17 school districts do not have any board certified teachers. Nationally, Kentucky ranks 15th for number of board certified teachers and 5th on a per capita basis.

Mr. Graycarek said anyone can file a complaint against a teacher with EPSB. About 90 percent of all complaints against teachers are forwarded by school superintendents

because state statute requires school superintendents to report any and all allegations of teacher misconduct. Complaints are submitted to EPSB in a variety of forms like email, phone, and letter. The Board does not have a standard complaint form and as a result some complaints are filed with incomplete information. Recommendation 4.3 is that EPSB should develop a standard form for filing complaints against teachers and make it available electronically.

He said EPSB staff review every complaint and decide whether or not to forward it to the board. In 2007, 51 percent of all complaints filed were forwarded to the board for review, and in 2008, 37 percent of complaints were forwarded to the board. A good example of an alternative way to review complaints is the Kentucky Pharmacy Board, which has a board subcommittee review all complaints that are filed. Recommendation 4.4 is that EPSB should consider establishing a disciplinary case review committee composed of board members, and possibly staff, to review all complaints and determine which ones should or should not be forwarded to the entire board.

Mr. Graycarek said there are problems tracking complaints. During the course of this study, EPSB staff provided Program Review staff with inconsistent reports about the numbers of open and closed complaints and cases. The electronic tracking system first implemented in 2007 is not fully reliable, and miscommunication among EPSB staff about the system's design and implementation have created some of these problems. EPSB staff currently uses a paper tracking system to track complaints against teachers. Recommendation 4.1 is that EPSB should finalize implementation of an electronic tracking system to be used to accurately monitor complaints and cases against teachers, including how they are resolved. Recommendation 4.2 is that EPSB should develop procedures describing how information will be entered into its electronic disciplinary tracking database and provide training to staff on the use of that database.

Mr. Graycarek said, to become a certified teacher in Kentucky, most teachers must successfully complete the one-year Kentucky Teacher Internship Program (KTIP). To enter the internship program, teachers must pass content and pedagogical tests. EPSB sets the passing scores

for those tests and about 89 percent of test takers have passed these tests in recent years. KTIP provides a teacher with mentoring and evaluation by a three-member committee: the principal or his/her designee at the school at which the teacher is teaching; a resource teacher which is an in-classroom teacher in the school; and a teacher educator which is typically a faculty member from the college or university that the teacher attended. Almost every intern successfully completes KTIP.

He said KTIP is primarily funded by the state. Those funds pay a stipend to the mentoring classroom teachers to compensate them for their time and for mentoring the intern; to pay or reimburse travel costs to postsecondary faculty; and to reimburse universities for administrative costs. Expenditures for KTIP have declined from \$5.3 million in FY 2008 to about \$3.7 million in FY 2009.

He said as a result, EPSB has reduced the stipend to the mentoring teacher, reduced university contracts by about 60 percent, and delayed the entry of 208 teacher candidates into KTIP during spring 2009. Some universities have allocated their own resources and some faculty members who serve on those beginning internship committees voluntarily refused payment due to these budget reductions.

Mr. Graycarek concluded that professional development of teachers is not linked to certification. State statute requires that teachers receive 4 professional development days each year, but local school councils make most professional development decisions, including content. KDE oversees professional development but has limited influence and the quality is unknown. Many other states link professional development to certification. Recommendation 5.1 is that, in collaboration with KDE and CPE, the Education Professional Standards Board should present a plan to the Program Review and Investigations Committee by October 1, 2010, for tracking the quality of teacher professional development. The plan may include moving oversight of teacher professional development to EPSB for the purpose of linking professional development to certification.

Senator Stine asked what would prevent the function of EPSB from being divided between CPE and KDE.

Mr. Graycarek said that currently statute places responsibility for pro-

professional development in the Department of Education.

Senator Stine said they are in the process of changing those. She asked what other barriers there would be besides staffing.

Mr. Graycarek said EPSB or KDE would be better to respond to that.

Senator Stine asked whether staff had examined federal recommendations regarding teacher assessment, training, and support.

Mr. Graycarek said staff only looked at other states.

Senator Stine asked whether staff had heard that there may be conflict of interest in accrediting board members examining competing colleges of education for accreditation.

Mr. Graycarek said the board has 3 representatives of postsecondary institutions. He said the issue of potential conflicts of interest for them was raised during staff interviews.

Senator McGaha asked whether staff were able to determine the amount of money expended on an annual basis for attorney contracts, and if the number of hours assigned to those attorneys during that time would be commensurate to a full-time employee or more than a full-time employee.

Mr. Graycarek said for FY 2007 and FY 2008, EPSB had contracts with 4 attorneys that totaled \$168,000. They only spent \$110,000 on that potential amount, making it about \$55,000 per year. Staff did not know numbers of hours involved.

Senator McGaha said having some board members involved in screening complaints against teachers is a good recommendation. He asked whether there is a specific process for vetting those complaints.

Mr. Graycarek said an attorney on staff reviews all the incoming complaints to see if there is a potential violation of the code of ethics for teachers or a violation related to statute or regulations specific to teachers. Some discretion needs to be applied to determine which of the complaints are forwarded to the board for review.

Senator McGaha asked whether complaints can be made anonymously.

Mr. Graycarek said, as far as he was aware, yes.

Senator McGaha said some oversight would be good, but needs to be done carefully. Professional development has drastically improved over the past several years, allowing dis-

tricts and individual schools to plan their own professional development. He asked whether staff attended any of the board meetings, and if so, how the meetings went.

Mr. Graycarek said staff attended board meetings. They have a variety of agenda items and begin with an open floor for people to discuss certain items. They end the meeting with a closed session to consider disciplinary actions and that part is not open to the public.

Representative Meeks asked when the minority teacher recruitment plan was last revised and published.

Mr. Graycarek said he did not know and KDE did not know when he had asked them that question.

Representative Meeks asked whether he is accurate in saying that more African-American and Hispanic teachers are graduating and being accredited and certified, but the actual number is unknown.

Mr. Graycarek said that was correct. The percentages of minority teachers that have graduated recently are greater than the percentages of current minority school teachers.

Ms. Myatt said EPSB, as part of their responsibilities and KRS 161.028 Section 1, conducts an annual review of diversity in the teacher preparation programs and include this information in a report posted on their Web site.

Representative Meeks asked why Mr. Graycarek would not have been able to get that information.

Mr. Graycarek said it is a separate report; the one is done by KDE and is required by statute; the other one is done by EPSB.

Representative Rand asked whether the disciplinary action and the complaint process are subject to open records, and whether they are reported in any way.

Mr. Graycarek said they are subject to open record. Some information about the disciplinary cases is reported in their board minutes but the names of the teachers or educators are not included.

Ms. Thomas said the ones that are reported in the minutes are typically agreed orders and the names are not included; names are included for cases where charges have been filed against that educator. Cases are subject to open records request but are not published anywhere.

Representative Rand asked whether this included complaints.

Ms. Thomas said that is correct.

Representative Meeks asked about the significance of an accreditation unit being nationally certified.

Mr. Graycarek said being nationally certified provides some level of prestige in terms of attracting teachers or students to the institution's program. It also helps students who attend a nationally accredited institution to get into a graduate program, particularly in another state.

Representative Meeks asked about the different routes in the process of alternative certification. His understanding is that many people were using those alternative routes because there were shortages in certain areas.

Mr. Graycarek said there are seven alternative routes to teacher certification. It allows someone who already has a bachelor's or master's degree, but not in teaching, to enter a program at a university or college to get their content knowledge and teaching skills without having to complete an entire bachelor's degree program. It allows a person to earn this teaching certification but also teach in a school at the same time.

Representative Meeks asked how many teachers in Kentucky have gone through these alternative routes to teach in content areas where there are shortages.

Mr. Graycarek said he did not know; it may be impossible to identify all the teachers who have taken the alternative certification route because they obtain the Base Teaching Certificate just like anybody else.

Representative Meeks asked whether Mr. Graycarek would suggest that the alternative certification routes be expanded.

Mr. Graycarek said staff did not make a recommendation in the report and that would be a policy decision best left to the General Assembly and EPSB.

Dr. Phillip Rogers, Executive Director of the Education Professional Standards Board, responded to the report. Responding to Recommendation 1.1 that EPSB should determine if it would be more cost-effective and appropriate to replace its contract attorneys with an attorney on staff, he said they will consider the feasibility of it. He said their staff has been shrinking, the executive branch has not been receptive to adding additional positions, and they are using their part-time attorneys to help fill in the gap.

Dr. Rogers responded to Recommendation 3.1 about adjusting

the number of Board Examiner team members for state-only accreditation visits based on the size of the institution and the number of programs being evaluated. He said that the national accreditation agency, NCATE, is moving to support smaller BOE teams, which will be reflected in state-only accreditation visits. EPSB will consult with its institutions regarding this recommendation to amend 16 KAR 5:010, which stipulates that there be 6 members on a committee. That number is primarily related to the number of standards. The report talks about students, but EPSB thinks about number of programs that are at a university. EPSB expects them to meet the same standards that any program would meet, regardless of the number of students at that institution.

For Recommendation 3.2, that EPSB should consider establishing guidelines to ensure that the Board of Examiner teams are reasonably representative of the type of institution being evaluated, he said each BOE team is submitted to the university that is going to be visited. They may suggest that a certain person not be on the BOE team, and EPSB will make those changes when asked. EPSB will, however, inquire if that is an issue and will make sure that the institution is completely comfortable with the BOE team coming to its campus.

Responding to Recommendation 4.1 that EPSB should finalize implementation of an electronic tracking system to be used to accurately monitor complaints and cases against teachers, Dr. Rogers said that the system is now accurately reporting the cases that are closed. Problems that were identified in the report have been resolved. They are continuing to develop processes while continuing to maintain a parallel paper system. They still have about 200 old cases to enter into the system.

He responded to Recommendation 4.2 and said they continue to refine procedures of entering information and training staff, and will continue to do so until they have tested the system completely.

In response to Recommendation 4.3 that EPSB develop a standard form for filing complaints against teachers and make it available electronically, he said that uniform procedures for filing complaints are now available on the EPSB Web site. They do not have a form yet but are going to be

working on that.

He said that he will discuss Recommendation 4.4 that EPSB should consider establishing a disciplinary case review committee composed of board members, and possibly staff, to review all complaints and determine which ones should or should not be forwarded to the entire board, and will follow the board's preference and guidance.

Dr. Rogers said in response to Recommendation 5.1 that conversations have already started with CPE and KDE, and Senate Bill 1 started this process. National common course standards are coming out and EPSB wants to engage higher education more in professional development. For K-12 teachers, they want to maintain that local oversight but provide a deeper pool of high-quality professional development that all districts can choose from that is rooted and established out of the universities. A plan will be drafted and presented to the Program Review and Investigations Committee by October 1, 2010.

Senator McGaha asked for clarification on the 208 people who were delayed in the KTIP process.

Dr. Rogers said they were employed and were not penalized. They all received a certificate that did not penalize them financially. As of the previous day, 123, or 58%, of the 208 are now in an intern program.

Senator McGaha asked whether the person or agency against whom a complaint has been filed is offered an opportunity to present their case.

Dr. Rogers said that they are.

Senator McGaha asked whether they are given an open floor to present their case to the board.

Dr. Rogers said their board meetings begin with an open forum and anybody can have time to present any issue they want to talk to the board about.

Senator McGaha asked what opportunity does that same person or agency have to defend their case once that issue is brought before the board.

Dr. Rogers said they get an opportunity to give their part and defense. That is in addition to any formal rejoinders that they have submitted to EPSB. He said it is typically the chair or the dean of the college of education who comes to the table.

Senator McGaha asked for clarification that the response on this issue is by invitation only.

Dr. Rogers said yes, if it is a per-

son other than the chair or the dean. EPSB uses the same procedures and protocol that NCATE uses.

Senator McGaha said there is a difference because EPSB is part of state government.

Representative Rand asked whether most complaints come from parents.

Dr. Rogers said that most complaints come through superintendents, who are required to report all complaints received to EPSB.

Representative Rand asked whether the teacher and the local board can get together and decide for the teacher to resign because most professional job applications ask about any criminal complaints filed against one that would alert other school districts.

Dr. Rogers said there are two concepts: the employment issue and the certificate issue. If necessary, the local Board of Education will get that teacher out of the classroom. If the issue does not require that, the board receives the complaint from the superintendent, which may have been parent-generated, and the board then processes that misconduct.

Representative Rand said that issue would potentially revoke their teaching certificate in Kentucky.

Dr. Rogers said two cases would take teachers out of the classroom; one is suspension, one is revocation. Suspension would be for less than 2 years, and once the time is up, the teacher gets the certificate back. Revocation would be more than 2 years, and after that the teacher would have to meet the standards at that time to get the certificate back. The board can choose to defer for training, and once the teacher has completed training, the case is dismissed and is not on the record.

Representative Rand asked whether the local board can defer for training.

Dr. Rogers said the local board can do it, and many times EPSB will dismiss the case if the training has been completed.

Representative Rand asked whether the local board is required to provide EPSB with information regarding disciplining of teachers.

Dr. Rogers said it is not required but often that information accompanies the complaint.

Representative Rand asked whether EPSB would know about a situation that may occur with a teacher in a classroom and the local board members take action, maybe

training, but no complaint is filed with EPSB.

Dr. Rogers said they would not know about that situation.

Representative Rand asked whether local board members or superintendents have training to deal with those types of situation, or whether they have to take any continuing education to remain board members to know how to deal with those situations.

Dr. Rogers said superintendents do but he did not know about board members.

Michael Dailey, Director of Educator Quality and Diversity, Office of Leadership and School Improvement, Kentucky Department of Education, agreed with recommendation 2.1 that KDE's Division of Educator Quality and Diversity should revise and publish the minority recruitment strategic plan and would like to comply as soon as possible.

Mr. Dailey said that the number of minority principals in Kentucky has increased from 4.6 percent to 6 percent. The minority teacher percentage has increased from about 4.6 percent to 4.8 percent. Since 2000, the retention rate of minority teachers who received the scholarship established by the General Assembly for diversification in the teacher workforce has been 80 percent compared to the national retention rate of 50 percent. He said Kentucky has had 3 minority superintendents. They continue to have an instructional leadership program at Western Kentucky University and hope to expand it in Eastern Kentucky. He said they have an early identification program among middle and high school students, Future Educators Association, and Kentucky has the fastest growing and the number one Future Educators program in the country.

Senator Schickel expressed concern about the lack of male teachers in the elementary school level and the lack of male role models. He asked if anything can be done to encourage or to recruit young males to be elementary school teachers.

Sally Sugg, Associate Commissioner for the Office of Leadership and School Improvement, KDE, said, based on her experience as an elementary principal, it was very difficult to find male candidates to be interested in the elementary years. She complimented EPSB and KDE on the alternate certification program, which has given many males an opportunity to get into the teaching

profession.

Mr. Dailey said Eastern Kentucky University has worked on a program with Clemson University in a joint effort with KDE that focuses on recruiting men into education, specifically targeting elementary education. Another program at Kentucky State University focuses on men that are currently in their education programs becoming role models as educators. He agreed that the alternative routes to certification are a growing and a viable recruitment tool.

Senator Schickel asked whether KDE has authority over this or whether they need some direction from the General Assembly.

Mr. Dailey said any support from the General Assembly to collect needed data would be welcomed. He said KDE, together with EPSB, presently can determine teacher population data and teacher credentials, but the federal government is changing ways of looking at that data and in the future they may not be able to identify teachers by race or gender.

Representative Meeks asked Mr. Dailey to explain why progress is being made in administrative diversity, which has increased from 4.6 percent to 6 percent, but not in teacher diversity, which has stayed at 4.8 percent for some time now.

Mr. Dailey speculated that teachers may have proven themselves as effective educators in the classroom and are seeking other opportunities within the school system as effective leaders. He said he is frustrated with the stagnation of the diverse teacher pool because the number of teachers that are exiting the system is the same number that they are recruiting. In some areas, such as Western Kentucky, the diverse teacher population is growing because the diversity population is growing there. In other communities, there is a lack of people with diverse backgrounds.

The report Education Professional Standards Board was accepted by roll call vote upon motion made by Representative Simpson and seconded by Representative Rand.

Senator Schickel asked staff to notify the Kentucky Retirement Systems to be prepared to address at the September meeting concerns of the state auditors, including failure to do research, mingling of funds, conflict of interest, inadequate oversight of management, and officers exceeding their authority.

The meeting was adjourned at 11:40pm.

**TOBACCO SETTLEMENT
AGREEMENT FUND
OVERSIGHT COMMITTEE
Minutes**

September 2, 2009

The 7th meeting of the Tobacco Settlement Agreement Fund Oversight Committee was held on Wednesday, September 2, 2009, at 10:00 AM, in Room 129 of the Capitol Annex. Senator Carroll Gibson, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Carroll Gibson, Co-Chair; Representative Dottie Sims, Co-Chair; Senators David E. Boswell, Joey Pendleton, and Damon Thayer; Representatives Royce W. Adams, James R. Comer Jr., Charlie Hoffman, Tom McKee, and Tommy Turner.

Legislative Guest: Representative Fred Nesler.

Guests: Dr. Donald Miller and Milton Pierson, Brown Cancer Center; Nick D'Andrea, University of Louisville; Dr. Robert Means, Markey Cancer Center; Steve Byars and Drew Graham, University of Kentucky; Mac Stone and Bruce Harper, Kentucky Department of Agriculture; Roger Thomas, Michael Judge, Joel Neaveill, Jennifer Hudnall, and Angela Blank, Governor's Office of Agricultural Policy; Tim Hughes, Kentucky Agricultural Finance Corporation.

LRC Staff: Lowell Atchley, Biff Baker, and Kelly Blevins.

Before beginning, the presiding chair, Senator Carroll Gibson, introduced the newest member of the committee, Senator Damon Thayer.

The August 5, 2009 minutes were approved by voice vote and without objection, on a motion made by Senator Boswell, seconded by Senator Pendleton.

The presiding chair invited Dr. Donald M. Miller and Dr. Robert T. Means, both representing the Kentucky Lung Cancer Research Program (KLRC), to address the committee.

Dr. Miller, Director of the Brown Cancer Center at the University of Louisville, began his testimony by indicating the program is collaboration between the two universities. He told the committee state support has been critical for the growth of the Brown Cancer Center and indicated state funds are used to leverage other finances.

The doctor told the committee the funding has been directed toward translation research, extending from the laboratory to the clinic. He

then turned to some of the scientific projects funded by the KLRC, starting with a lung cancer "Manhattan Project" involving 5,000 current or former heavy smokers in Kentucky. Other work includes the development of a cervical cancer vaccine, research in a tobacco-based HPV vaccine developed at the Brown Cancer Center, a "suicide DNA sequence" project to develop a method to kill cancer cells. He mentioned the association with Advanced Cancer Therapeutics, which will allow the Brown Cancer Center to develop two-three new drugs per year, and the work being done by Brown and the Owensboro Cancer Research Center in the development of naturally produced pharmaceuticals.

Next, Dr. Means, Professor of Internal Medicine and former Interim Director of the Markey Cancer Center at the University of Kentucky, reported on the work at the center. As it aims for National Cancer Centers (NCI) designation, Markey has recruited Dr. B. Mark Evers as the new Markey executive director. Dr. Evers came from the University of Texas Medical Branch. Five faculty colleagues moved with him, according to Dr. Means.

Continuing, Dr. Means told the committee that KLRC funds, plus funds from the cigarette excise tax, are used to obtain additional NCI funding, which totaled \$9 million in FY 2008. Other components of Markey's program include: research in early detection and lung cancer prevention involving other health facilities, a pulmonary nodule study at UK, and lung cancer sample collection work. According to Dr. Means, the Kentucky Clinical Trial Network continues to expand, with centers in all congressional districts. He also mentioned the investigator-initiated research, another component funded by the KLRC.

The two doctors responded to several questions from committee members.

Dr. Miller explained to Co-chair Sims that the cervical cancer vaccine should be tested in people in 2010. He noted that drug development is complicated. If it works, it will be the first vaccine produced in plants.

Responding to Co-chair Gibson, Dr. Miller said one half of one cent tobacco tax generates about \$2.5 million per year for each institution. Dr. Miller later said the tax revenue has been a "huge stimulus for both cancer centers." Co-chair Gibson en-

couraged the physicians to continue trying to obtain additional tax funding.

Dr. Means characterized the NCI funding received as federal money. Dr. Miller added that, typically, the state support received is used to undertake pilot projects that, in turn, generate enough data to merit the federal funding. The KLRC funding also supports infrastructure at the cancer centers, according to Dr. Means.

Dr. Miller responded to Representative Adams that incidents of cancer in the state vary from county to county, but in general the entire state has high smoking rates and a high number of incidents of lung cancer. He noted that youth smoking rates seem to be decreasing in the state.

Senator Boswell said he was proud to represent an area that is contributing to plant-based drug research. He also mentioned the change that was required in state law in the 1990s to allow tobacco tax funds to be used for lung cancer research.

As the testimony ended, Co-chair Gibson lauded the doctors for their work in helping cure cancer.

Next, Co-chair Gibson asked Mr. Roger Thomas, executive director of the Governor's Office of Agricultural Policy (GOAP) to submit his monthly report to the committee. Accompanying him were Mr. Mike Judge, Director of Operations, and Mr. Joel Neaveill, Chief of Staff.

One state-funded project, Crystal Bridge Fish Farm LLC, prompted questions from Co-chair Gibson, Representative Comer, Representative Adams, Senator Pendleton, and comments from a legislative guest, Representative Fred Nesler.

The GOAP officials explained the rationale for the \$95,800 grant/loan approved by the ADB. They said the project will allow producers in the Oldham County area to obtain tilapia fingerlings from a local source, rather than from out of state.

During testimony in response to legislators' questions, Mr. Thomas said the board discussed the project twice, and some members expressed hesitancy. They said certain benchmarks that the applicant must meet were set after assessing how many tilapia local producers would purchase. A total of 14 producers wrote letters of support for the project, according to testimony.

Terms in the contract are standard, they told Representative Com-

er. They indicated the ADB and the Kentucky Agricultural Finance Corporation would have a lien on the company's equipment.

Representative Nesler explained why the aquaculture industry has struggled in Kentucky and expressed his optimism the project would be successful.

In continuing discussion, the committee witnesses said tilapia can be found in groceries and restaurants in the state. As discussion ended, Senator Pendleton mentioned an effort in Christian County to attract a fish processing company.

Later, Senator Gibson asked about county participation in the Crystal Bridge project. GOAP staff responded initially that Oldham County had contributed funds. (GOAP staff corrected the record after the meeting to indicate the county would have \$2,500 available, but had not contributed funds thus far.)

Eastern Kentucky University's receipt of \$220,000 in state and county funds for the evaluation of feedstock forages for livestock consumption and biofuel production prompted some discussion. Senator Boswell asked about coordination with other energy-related entities. Mr. Judge said the university has been in contact with the University of Kentucky and a forage and grasslands organization. The senator said he wanted to highlight the need to coordinate efforts so as to not duplicate the work at other institutions.

Mr. Thomas noted that the ADB funding was part of a \$4.4 million project between ECU and General Atomics. Mr. Thomas noted some of the research at ECU will involve looking at algae as an energy source. Mr. Judge also mentioned research and field trials being undertaken in the state involving switchgrass. In turn, Senator Boswell discussed the energy work being done at the Center for Applied Energy Research at UK. He mentioned a recent symposium on algae.

Next, the GOAP staff members responded to Co-chair Sims' questions about the Kentucky Center for Agriculture and Rural Development (KCARD) project to implement a 12-month program for the development of agribusiness entrepreneurs. Mr. Judge explained the project, which received \$59,000 in funding, was an outgrowth of several groups expressing a need to help agribusiness entrepreneurs get started. KCARD would act as a catalyst in passing on

business ideas.

Co-chair Sims questioned the idea of giving KCARD funds to study the issue for a year. But, according to Mr. Judge, KCARD would help link entrepreneurs with resource people in areas like developing a business plan or product labeling. The GOAP representatives clarified that the project would be statewide and not confined to KCARD's home county, Hardin. They told the co-chair that KCARD offers assistance throughout the state in assisting agribusiness ventures.

As the meeting continued, Representative McKee lauded the board for approving \$75,000 in state and

Harrison County funds for a farmer's market shelter in Harrison County. The project will benefit that county, Representative McKee said.

Responding to Co-chair Gibson, Mr. Judge said the farmer's market funding varies from locale to locale, depending on the type project. Mr. Thomas said the board reserves the right to request a feasibility study for projects totaling over \$100,000.

Co-chair Gibson said he would like to see farmers' markets established on university campuses. Mr. Thomas responded they would welcome those type applications.

Next, they explained how the board came to the decision to ap-

prove \$862,634 for the Kentucky Beef Network to implement several production and marketing programs for cattle producers and to provide educational programs to enhance profitability. They said the Beef Network would be asking for additional funds at a later date for an education component of the project.

During a discussion of denied projects, Co-chair Gibson asked if county councils ever approve projects, knowing that the board will deny them. The action is "rare," but happens, Mr. Thomas said.

The denial of another project prompted a question from Senator Boswell. The applicant, Daviess

County Soil Conservation District, had sought \$10,000 in county funds to administer a youth conservation effort, part of which would have involved a Christmas tree planting project. GOAP staff had recommended no funding because of a lack of producer impact. Senator Boswell asked if there would there be a producer connection with the tree planting. Mr. Neaveill said there was no indication that the trees would be grown in Kentucky.

Documents distributed during the committee meeting are available with meeting materials in the LRC Library. The meeting adjourned at approximately 11:45 a.m.

2010 Prefiled Bills

BR 1 - Representative Jesse Crenshaw (05/12/09)

AN ACT proposing an amendment to Section 145 of the Constitution of Kentucky relating to persons entitled to vote.

Propose to amend Section 145 of the Constitution of Kentucky to exclude a convicted felon from the right to vote only until expiration of probation, final discharge from parole, or maximum expiration of sentence; submit to the voters for ratification or rejection.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on State Government

BR 2 - Representative Jim Wayne (06/15/09)

AN ACT relating to taxation and declaring an emergency.

Amend KRS 141.020 to increase the tax rate on income over \$75,000; amend KRS 141.066 to establish a refundable earned income tax credit at 15 percent of the federal credit; amend KRS 140.130 to decouple from the federal estate tax phase-out; amend KRS 139.010, 139.200, and 139.480 to make selected services subject to sales tax; amend KRS 141.0205 to recognize changes to income tax credits; make income tax provisions apply to tax years beginning on or after January 1, 2010, make estate tax provisions effective for deaths on or after August 1, 2010; make sales tax provisions effective July 1, 2010.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Appropriations and Revenue

BR 10 - Senator Denise Harper Angel (07/09/09)

AN ACT relating to childhood hearing loss.

Amend KRS 211.645 to amend the definition of "Auditory screening report"; delete the definition of "Infant at high risk for late onset, progressive hearing loss, or both."

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Health and Welfare

BR 11 - Senator Denise Harper Angel (07/09/09)

AN ACT relating to smoking cessation.

Amend KRS 205.560 to require smoking cessation programs or treatment interventions for pregnant smokers to be in accordance with protocols and guidelines recommended by the Centers for Disease Control and Prevention.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Health and Welfare

BR 12 - Senator Denise Harper Angel (07/09/09)

AN ACT relating to the Kentucky Board of Examiners of Psychol-

ogy.

Amend KRS 319.010 to define "IPC"; amend definition of "practice of psychology"; amend KRS 319.015 to clarify restrictions on teachers of psychology, psychological researchers, provider of consultation services, or expert testimony and to clarify permitted usages of written or computerized interpretations of psychological testing by clinical social workers, marriage and family therapists, professional art therapists, advanced registered nurse practitioners, physicians, or occupational therapists, and to allow temporarily employed nonresidents to practice for a limited time; amend KRS 319.032 to increase continuing education hours for license renewal; amend KRS 319.050 to require applicants to pass national EPPP examination, require applicants to pass ethical examination, and empower board of psychology to assess acceptability of doctoral degrees in psychology before admittance to practice; modify responsibilities and requirements for "Health Service Providers"; amend KRS 319.053 to allow board of psychology to establish written test for applicants on psychological practice, ethical principles, and the law.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Licensing and Occupations

BR 15 - Representative Robert R. Damron (09/15/09)

AN ACT relating to mold remediation standards.

Create new sections of Subchapter 20 of KRS Chapter 224 to state the General Assembly's finding that reasonable standards for the remediation of mold in private and public settings should be maintained; define "customer," "department," "mold," "mold remediation," and "mold remediation company"; establish the basis for minimum mold remediation standards; provide that the Cabinet for Health and Family Services shall adopt administrative regulations relating to mold remediation standards; require complaints about mold remediation companies to be directed to the Attorney General; establish that the Attorney General has jurisdiction to enforce the mold remediation provisions and the ability to recover litigation costs.

(Prefiled by the sponsor(s).)

BR 16 - Representative Robert R. Damron (07/14/09)

AN ACT relating to fire protection subdistricts.

Create a new section of KRS Chapter 75 to allow for dissolution of fire subdistricts.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Local Government

BR 23 - Representative Jeff Greer (06/10/09)

AN ACT relating to insurance

licensing.

Amend KRS 304.3-180 to reduce the number of consecutive years from seven to five that an insurer may use the same lead or coordinating audit partner of an accountant firm for preparing the audited financial statement, effective beginning with the year 2010 statutory audits; amend KRS 304.9-020 to define “rental vehicle insurance,” “rental vehicle agent” and “rental vehicle agent managing employee”; amend KRS 304.9-133 to delete the requirement that business entities file an annual report of all designated individuals who were not terminated on or prior to December 31; amend 304.9-150 to remove the requirement that a business entity applicant file with its application a certificate issued by the Kentucky Secretary of State demonstrating that it can do business in Kentucky and a copy of its assumed name certificate; provide that a business entity applicant or licensee shall not use a name which is the same or deceptively similar to another business entity licensee; amend KRS 304.9-230 to add rental vehicle as a limited line of authority subject to the general licensing requires for all general agents; amend KRS 304.9-505, 304.9-507, and 304.9-509 to conform; repeal KRS 304.9-485, 304.9-501, 304.9-503, and 304.9-513.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Banking and Insurance

BR 24 - Representative Jeff Greer (06/10/09)

AN ACT relating to insurance loss run statements.

Create a new section of Subtitle 20 of KRS Chapter 304 to define terms; require an insurer to provide a loss run statement within ten days of a written request submitted an insured by or another insurer; provide that the loss run statement shall be for a five-year loss run history, or a complete history if less than five years; prohibit the receiving agent from divulging consumer information to a third party; prohibit an insurer from charging a fee for the first loss run statement; create a new section of Subtitle 99 of KRS Chapter 304 to provide that an insurer or insurer’s agent that does not provide a loss run statement as requested shall be fined not less than \$100 nor more than \$250 for each day the loss run statement is not provided.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Banking and Insurance

BR 38 - Representative Tom Riner (06/25/09)

AN ACT relating to shock probation.

Amend KRS 439.265 to prohibit shock probation until either service of one year of imprisonment or completion of a comprehensive substance abuse treatment with supplemental character and education components; amend to allow victim’s next-of-kin to consent in writing to granting shock probation to the defendant; provide for short title, “The Kentuckians against Drunk Driving Act.”

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Judiciary

BR 47 - Representative Jody Richards (07/30/09)

AN ACT relating to highway signs.

Amend KRS 177.078 to permit an applicant approved for a limited supplemental guide sign to have the option to reimburse the Transportation Cabinet in full for the sign and its installation or to amortize the reimbursement costs for a period not to exceed 10 years.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Transportation

BR 49 - Representative Arnold Simpson (08/10/09)

AN ACT relating to criminal record expungement.

Create a new section of KRS Chapter 431 to allow a person convicted of one Class D felony or a series of Class D felonies arising out of a single event to petition to have the felony record expunged under specified circumstances; amend KRS 431.078, relating to misdemeanor expungements, to begin the five-year waiting period from the date of adjudication of the offense; amend KRS 527.040, relating to possession of a firearm by a felon, to exempt individuals who have had their felony records expunged; create a new section of KRS Chapter 431 to require the Administrative Office of the Courts to keep a confidential index of expungement orders for utilization in the preparation of presentence in-

vestigations.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Judiciary

BR 50 - Representative Ron Crimm (07/29/09)

A CONCURRENT RESOLUTION affirming the principles of the Ninth and Tenth Amendments to the United States Constitution and declaring that the United States Constitution will be nullified if the federal government assumes further powers that it does not possess.

Reaffirm the principles of government expressed by Thomas Jefferson in a resolution written for the Kentucky legislature in 1798; declare that the nation represents a compact among the states, and that the federal government possesses only the powers delegated to it by the United States Constitution; describe the limits of federal power under the Ninth and Tenth Amendments to the United States Constitution; determine a method for communicating these principles to other states; declare that any act of the federal Congress, executive order of the President of the United States, or judicial order of the federal court that assumes a power not delegated to the United States government will constitute a nullification of the United States Constitution; declare that, upon such a nullification, all powers previously delegated to the United States will revert to the several states individually; list some federal actions that would bring about such a nullification; declare that any future government of the United States would require ratification by three-quarters of the states.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on State Government

BR 54 - Representative Stan Lee, Representative Joseph M. Fischer, Representative Thomas Kerr (06/02/09)

A CONCURRENT RESOLUTION claiming sovereignty over powers not granted to the federal government by the United States Constitution; serving notice to the federal government to cease mandates beyond its authority; and stating Kentucky’s position that federal legislation that requires states to comply under threat of loss of federal funding should be

prohibited or repealed.

Declare state sovereignty over powers not given to the federal government by the U. S. Constitution; demand the federal government to cease mandates beyond constitutionally delegated powers; prohibit federal legislation requiring state passage of laws under threat of penalties or sanctions; direct the Clerk to distribute copies of the Resolution.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on State Government

BR 57 - Senator Katie Kratz Stine (06/05/09)

A JOINT RESOLUTION designating Kentucky Route 8 in the city limits of Dayton, Kentucky in honor and memory of Staff Sergeant Nicholas R. Carnes.

Direct the Transportation Cabinet to designate Kentucky Route 8 in the city limits of Dayton in honor and memory of Staff Sergeant Nicholas R. Carnes and to erect signs on Kentucky Route 8 that read, “Staff Sergeant Nicholas R. Carnes Memorial Highway.”

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Transportation

BR 58 - Senator Katie Kratz Stine (06/05/09)

A JOINT RESOLUTION designating Kentucky Route 8 in the city limits of Bellevue, Kentucky in honor and memory of Sergeant Justin A. Scott.

Direct the Transportation Cabinet to designate Kentucky Route 8 in the city limits of Bellevue in honor and memory of Sergeant Justin A. Scott and to erect signs on Kentucky Route 8 that read, “Sergeant Justin A. Scott Memorial Highway.”

(Prefiled by the sponsor(s).)

To: Interim Joint Committee on Transportation

BR 60 - Representative Charles Siler (06/23/09)

AN ACT relating to Kentucky State Parks.

Create a new section of KRS Chapter 148 to provide qualified Kentucky residents who are permanently and totally disabled veterans an ex-

emption from the relevant overnight accommodations rate at any Kentucky State Park; require the exemption to apply to a maximum of three overnight stays per calendar year at lodge rooms and campsites at any Kentucky State Park, with each stay limited to a maximum of three days; require the exemption to be subject to space availability; limit reservations during peak months to Sunday through Thursday; require that administrative regulations shall be promulgated to define peak periods, establish a ten day reservation window, define applicable lodging, and regulations relating to the proof of eligibility for persons entitled to the exemption.

(Prefiled by the sponsor(s).)
To: Interim Joint Committee on Economic Development and Tourism

BR 65 - Representative Ron Crimm (06/03/09)

AN ACT relating to domestic relations and declaring an emergency.
Amend KRS 403.200, relating to temporary orders, to permit a court to provide for wage assignment and automatic electronic transfer of funds for payment of spousal maintenance; amend KRS 403.270, relating to custodial issues, to add the promotion of a healthy relationship between the child and other custodian or parent as a factor for the consideration of awarding custody of children; amend KRS 530.050, relating to nonsupport and flagrant nonsupport, to add spouse and former spouse; EMERGENCY.

(Prefiled by the sponsor(s).)
To: Interim Joint Committee on Judiciary

BR 66 - Representative Ron Crimm (07/29/09)

AN ACT relating to the gross revenues and excise tax fund and declaring an emergency.
Amend KRS 136.650 to increase the “hold-harmless amount” for fiscal year 2010-2011 and every fiscal year thereafter; amend KRS 136.654 to require the Department of Revenue to determine if it is necessary for a participating political subdivision to certify its total tax receipts; EMERGENCY.

(Prefiled by the sponsor(s).)
To: Interim Joint Committee

on Appropriations and Revenue
BR 73 - Representative Fitz Steele (07/16/09)

AN ACT relating to investment of the Local Government Economic Assistance Fund balances.
Amend KRS 42.450 to eliminate the requirement that balances in the Local Government Economic Assistance Fund be invested in United States Government Securities maturing not later than one year from the date of investment and require that investment of the fund balances be governed by KRS 42.500.

(Prefiled by the sponsor(s).)
To: Interim Joint Committee on Appropriations and Revenue

BR 75 - Representative Rick G. Nelson (07/09/09)

AN ACT relating to the Education Professional Standards Board.
Amend KRS 161.028 to add the chairpersons of the Interim Joint Committee on Education as ex officio members of the Education Professional Standards Board.

(Prefiled by the sponsor(s).)
To: Interim Joint Committee on Education

BR 82 - Representative Brad Montell (07/28/09)

AN ACT relating to school attendance.
Amend KRS 158.070 to allow students to be counted present at school when participating in school-sponsored regional or state sports competitions sanctioned by the Kentucky Board of Education or its designated agency if the competition occurs on a regularly scheduled school day; require students to make up any missed assignments; amend KRS 158.649 to conform.

(Prefiled by the sponsor(s).)
To: Interim Joint Committee on Education

BR 87 - Representative Arnold Simpson (08/05/09)

AN ACT relating to open records.
Amend KRS 61.870 to in-

clude in the definition of public agency those bodies that participate in the state retirement systems.

(Prefiled by the sponsor(s).)
To: Interim Joint Committee on State Government

BR 93 - Representative Mary Lou Marzian (07/08/09)

AN ACT proposing to repeal Section 233A of the Constitution of Kentucky relating to marriage.
Propose to amend the Constitution of Kentucky to repeal the definition of marriage; submit to voters for approval or disapproval.

(Prefiled by the sponsor(s).)
To: Interim Joint Committee on State Government

BR 95 - Representative Darryl T. Owens (08/28/09)

AN ACT relating to crimes and punishments.
Amend KRS 532.356 to remove the provisions requiring the withdrawal of driving privileges for persons convicted of a theft offense who have not paid court ordered restitution; include non-codified transitional provisions for persons whose driving privileges had been previously removed.

(Prefiled by the sponsor(s).)
BR 98 - Representative David Floyd, Representative Darryl T. Owens (07/02/09)

AN ACT relating to mental illness.
Amend KRS 532.130 to define severe mental illness; amend KRS 532.135 to include a severely mentally ill defendant; amend KRS 532.140 to include severely mentally ill offender and to establish effective date.

(Prefiled by the sponsor(s).)
To: Interim Joint Committee on Judiciary

BR 114 - Representative Brent Yonts (08/26/09)

AN ACT relating to the Department of Corrections.
Create a new section of KRS Chapter 197 to prohibit any privatized inmate food service in the state’s pris-

ons.
(Prefiled by the sponsor(s).)
BR 115 - Representative Stan Lee (07/22/09)

AN ACT relating to charter schools.
Create new sections of KRS Chapter 160 to describe the intent of the General Assembly and the purposes of authorizing public charter schools; define terms; outline the requirements and limitations on the establishment of charter schools; describe local board of education’s roles and responsibilities; describe exemptions from law and required compliance areas for charter schools; describe the application, approval, and renewal processes; describe process and application process for existing schools to convert to charter schools; create new sections of KRS Chapter 156 to list the Kentucky Department of Education’s and the Kentucky Board of Education’s roles and responsibilities relating to charter school; require the Kentucky Board of Education to establish a Kentucky Charter School Advisory Committee for reviewing charter school applications; create a new section of KRS Chapter 157 to direct how state, local, and federal funds shall be used to support charter schools; amend KRS 156.074, 156.255, 156.265, and 156.480 to conform.

(Prefiled by the sponsor(s).)
To: Interim Joint Committee on Education

BR 118 - Representative Rick G. Nelson (08/05/09)

AN ACT relating to personal communication devices.
Create a new section of KRS Chapter 189 to prohibit the use of a personal communication device for any person under the age of 18 while operating a motor vehicle; provide for exclusions; create a new section of KRS Chapter 189 to prohibit text messaging while operating a motor vehicle; provide for certain exclusions; amend KRS 189.990 to set penalties for violations for this Act; provide for a probationary period ending November 1, 2010, where courtesy warnings will be issued; set a fine of \$50 for each offense after the probationary period; exempt fines from court costs.

(Prefiled by the sponsor(s).)

To: Interim Joint Committee
on Transportation

**BR 121 - Senator Ray S. Jones
II (08/03/09)**

AN ACT relating to health insurance.

Create a new section of subtitle 17A of KRS Chapter 304 to define applied behavior analysis,” “autism services provider,” “autism spectrum disorder,” “diagnosis of autism spectrum disorders,” “habilitative or rehabilitative care,” “medically necessary,” “pharmacy care,” “psychiatric care,” “psychological care,” “therapeutic care,” and “treatment for autism spectrum disorders”; create new section of subtitle 17A of KRS 304 that requires health policies covered in this subtitle to provide coverage for the diagnosis and treatment of autism spectrum disorders and their related conditions; prohibit insurance policies from limiting the number of visits an insured may make for such services; allow services provided by this section to be subject to copayment, deductible, and coinsurance provisions; give insurers the right to request a review of treatment not more than once every 12 months unless the insured’s physician or psychologist agrees that a more frequent review is necessary; amend KRS 18A.225 to conform.

(Prefiled by the sponsor(s).)
To: Interim Joint Committee
on Banking and Insurance

**BR 122 - Senator Ray S. Jones
II (09/09/09)**

AN ACT relating to personal identification cards.

Amend KRS 186.412 to allow holders of personal ID cards who have been diagnosed with autism to receive a sticker identifying that condition to place on the ID card.

(Prefiled by the sponsor(s).)

**BR 123 - Representative Jody
Richards (08/25/09)**

AN ACT relating to the Kentucky educator award and recognition fund and making an appropriation therefor.

Create a new section of KRS chapter 156 to establish the Kentucky educator award and recognition fund to provide matching funds for schools

that have state and national award winning educators who received cash awards or an equivalent benefit; require the Kentucky Department of Education to administer the fund.

(Prefiled by the sponsor(s).)
To: Interim Joint Committee
on Education

**BR 124 - Representative David
Floyd, Representative Bill
Farmer (08/04/09)**

A CONCURRENT RESOLUTION urging support for the Second Amendment of the United States Constitution and urging Congress not to enact any law that would infringe on the right to bear arms under the Constitution of Kentucky.

Urge support for the Second Amendment of the United States Constitution; urge Congress not to enact any law that infringes on the right to bear arms under the Constitution of Kentucky.

(Prefiled by the sponsor(s).)
To: Interim Joint Committee
on State Government

**BR 132 - Representative Jody
Richards (07/30/09)**

A CONCURRENT RESOLUTION directing the Legislative Research Commission to create a task force to establish a strategy to provide home laptop computers for middle school students.

Direct the Legislative Research Commission to establish a legislative task force to establish a strategy to provide home laptop computers for middle school students; establish task force by August 1, 2010; report findings to appropriate committee or committees no later than December 1, 2010.

(Prefiled by the sponsor(s).)
To: Interim Joint Committee
on Education

**BR 133 - Representative Jody
Richards (07/30/09)**

AN ACT relating to dating violence.

Amend KRS 403.720 to include dating partners among the class of persons allowed to obtain domestic violence protective orders; amend KRS 431.005 to reference the defini-

tion of “unmarried couple” in KRS 403.720.

(Prefiled by the sponsor(s).)
To: Interim Joint Committee
on Judiciary

**BR 135 - Representative Will
Coursey (08/05/09)**

AN ACT relating to water transportation and making an appropriation therefor.

Create new sections of KRS Chapter 174 to establish the Water Transportation Advisory Board as an advisory body to the executive and legislative branches of government; provide for members, terms, and administrative procedures; specify duties; create a riverport marketing assistance trust fund to be administered by the Cabinet for Economic Development; provide for grants of up to \$15,000 per project or \$30,000 per applicant annually for specified marketing activities; create a riverport financial assistance trust fund to be administered by the Transportation Cabinet; provide for financial assistance for new construction and major replacement or repair projects for Kentucky’s riverports; provide for matching grants.

(Prefiled by the sponsor(s).)
To: Interim Joint Committee
on Transportation

**BR 139 - Senator Joey Pend-
leton (09/02/09)**

AN ACT relating to industrial hemp.

Create new sections of KRS Chapter 260 to define “department,” “industrial hemp,” and “THC”; require persons wanting to grow or process industrial hemp to be licensed by the Department of Agriculture; require criminal history checks by local sheriff; require the Department of Agriculture to promulgate administrative regulations to carry out the provisions of the Act; require sheriff to monitor and randomly test industrial hemp fields; assess a fee of \$5 per acre for every acre of industrial hemp grown, with a minimum fee of \$150, to be divided equally between the Department of Agriculture and the appropriate sheriff’s department; require licensees to provide the Department of Agriculture with names and addresses of any grower or buyer of industrial hemp and copies of any contracts the licensee may have entered into relat-

ing to the industrial hemp; clarify that the Act does not authorize any person to violate federal law.

(Prefiled by the sponsor(s).)

**BR 142 - Representative Fitz
Steele (09/17/09)**

A JOINT RESOLUTION naming a portion of Kentucky Route 840 in Harlan County in honor of Jerry Chesnut.

Direct the Transportation Cabinet to designate the “Jerry Chesnut Highway” on Kentucky Route 840 in Harlan County and erect appropriate signs.

(Prefiled by the sponsor(s).)

**BR 145 - Representative Joni
L. Jenkins (08/12/09)**

AN ACT relating to dating violence.

Amend KRS 403.720 relating to domestic violence orders to include dating partners among the class of persons allowed to obtain domestic violence protective orders; amend KRS 431.005 relating to arrests by peace officers to reference the definition of “unmarried couple” including dating partners in KRS 403.720.

(Prefiled by the sponsor(s).)
To: Interim Joint Committee
on Judiciary

**BR 164 - Representative Hu-
bert Collins (09/02/09)**

AN ACT relating to special license plates.

Amend KRS 186.164 to clarify procedures to follow when the Transportation Cabinet denies a group’s application for a special license plate.

(Prefiled by the sponsor(s).)

**BR 168 - Representative Rick
G. Nelson (08/20/09)**

AN ACT relating to public safety.

Create a new section of KRS Chapter 177 to require the department of highways to inspect all public railroad grade crossings with an average daily traffic count of 700 vehicles or more at least 2 times per year; require results of inspection to be kept on file for 5 years; require the department to

promulgate administrative regulations to establish standards for railroad grade crossings; specify that within 30 days of being notified that a crossing is substandard that the railroad company submit plans for improvement; permit the department to issue an order to the railroad company to make improvement to a railroad grade crossing pursuant to the procedures set forth in KRS 177.150 through 177.210.

(Prefiled by the sponsor(s).)
To: Interim Joint Committee on Transportation

BR 169 - Representative Rick G. Nelson (09/21/09)

AN ACT relating to school district vehicles and declaring an emergency.
Create a new section of KRS 160 to prohibit local school boards from providing a district employee the use of a district-owned or leased vehicle, except for buses and maintenance vehicles; allow a district employee to be reimbursed for mileage when using a personal vehicle for school or district business outside the school district boundaries.

(Prefiled by the sponsor(s).)
BR 172 - Representative Darryl T. Owens (08/28/09)

AN ACT proposing to amend Section 228 of the Constitution of Kentucky.
Propose to amend Section 228 of the Constitution of Kentucky to delete language regarding duels; submit to the voters for approval or disapproval.

(Prefiled by the sponsor(s).)
BR 174 - Representative Jimmy Higdon (09/01/09)

AN ACT relating to automated or recorded political telephone messages.
Amend KRS 367.46951 to define “prerecorded political message”; amend KRS 367.46955 to prohibit the delivery of prerecorded political messages to telephone numbers on the national Do Not Call Registry.

(Prefiled by the sponsor(s).)
BR 176 - Representative

Jimmy Higdon (09/01/09)
AN ACT relating to retirement.
Amend KRS 6.525, relating to legislative retirement, to prevent members of the General Assembly who first take office after the effective date of this Act from consolidating their accounts under various retirement systems for the purpose of determining benefits.

(Prefiled by the sponsor(s).)
BR 178 - Representative Jimmy Higdon (09/01/09)

AN ACT proposing an amendment to Sections 36 and 42 of the Constitution of Kentucky relating to legislative sessions.
Propose an amendment to Sections 36 and 42 of the Kentucky Constitution to limit legislative sessions of the General Assembly to 30 days each year.

(Prefiled by the sponsor(s).)
BR 180 - Representative Jody Richards (09/04/09)

AN ACT relating to personal communication devices.
Create a new section of KRS Chapter 189 to define “personal communication device”; prohibit text messaging while operating a motor vehicle; provide for specific exclusions; amend KRS 189.990 to set penalties; provide for a probationary period ending January 1, 2011, during which courtesy warnings will be issued; set fine for violation at \$20 to \$100 for each offense after the probationary period; exclude court costs.

(Prefiled by the sponsor(s).)
BR 182 - Representative Jesse Crenshaw (08/27/09)

AN ACT relating to inmates.
Amend KRS 196.180 to require wardens to expunge dismissed or voided inmate disciplinary reports.

(Prefiled by the sponsor(s).)
BR 185 - Representative Tom Burch (09/17/09)
AN ACT relating to the abolition of the death penalty.

Create a new section of KRS Chapter 532 to abolish the death penalty and require the court with jurisdiction over a person sentenced to death to sentence the person to imprisonment for life without benefit of probation or parole; amend KRS 24A.110, 27A.430, 431.060, 431.215, 431.510, 439.265, 506.010, 506.030, 506.040, 506.080, 507.020, 509.040, 520.120, 527.200, 532.030, 532.040, 532.050, 532.100, 532.140, 533.010, 610.265, 635.020, 635.090, 640.040, 17.176, 507A.020, and 422.285 to conform; repeal KRS 422.287, 431.213, 431.2135, 431.218, 431.220, 431.223, 431.224, 431.240, 431.250, 431.260, 431.270, 507A.060, 532.025, 532.075, 532.300, 532.305, and 532.309, relating to the death penalty.

(Prefiled by the sponsor(s).)
BR 187 - Representative Fitz Steele (09/18/09)

AN ACT relating to sales and use tax holidays and declaring an emergency.
Create a new section of KRS chapter 139 to establish a 3 day sales and use tax holiday the first weekend in August each year to exempt clothing, school supplies, school art supplies, computers, and school computer supplies; EMERGENCY.

(Prefiled by the sponsor(s).)
BR 208 - Representative Fitz Steele (09/17/09)

A JOINT RESOLUTION designating the Sergeant Estell “Lee” Turner Memorial Bridge on Kentucky Route 28 in Perry County.
Direct the Transportation Cabinet to designate a bridge on KY 28 in Perry County as the Sergeant Estell “Lee” Turner Memorial Bridge and erect appropriate signs.

(Prefiled by the sponsor(s).)
BR 213 - Representative Larry Clark (09/02/09)

AN ACT relating to continuity of health care.
Amend KRS 304.17A-500 to define “acute-care hospital” for health insurance purposes; amend KRS 304.17A-527 to require that an agreement between a managed care plan and an acute-care hospital shall in-

clude provisions for a term of not less than 3 years, a 6-month notice to the plan and the executive director of the department of insurance by the acute-care hospital prior to termination or nonrenewal, procedures to ensure continuity of care for covered persons not less than 30 days prior to termination, no less than 20 days notice prior to termination by the managed care plan to the covered person of the procedures to follow for continuity of care including an expedited internal appeal process and an expedited external appeal if necessary, and a provision requiring mediation or binding arbitration between the managed care plan and the acute-care hospital for any dispute regarding a covered person’s access to continuity of care in the event of termination or nonrenewal of the provider agreement; amend KRS 304.17B-001 to confirm.

(Prefiled by the sponsor(s).)
BR 222 - Representative Jimmy Higdon (09/03/09)

AN ACT relating to primaries.
Amend KRS 116.055 to permit a registered independent to vote in the primary of one party for each primary; amend KRS 118.125 to provide that a primary candidate shall not be a registered independent; amend KRS 117.125 to provide that electronic voting machines be reprogrammed to allow a registered independent to vote for a party’s candidates in a primary.

(Prefiled by the sponsor(s).)
BRs by Sponsor
* - denotes primary sponsorship of BRs

Senate

Harper Angel, Denise
BR10*, 11*, 12*
Jones II, Ray S.
BR121*, 122*
Pendleton, Joey
BR139*
Stine, Katie Kratz
BR57*, 58*

House

Burch, Tom
BR185*
Clark, Larry
BR213*
Collins, Hubert

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ning, with the first round of federal funding received Sept. 3, Pratt said. The pilot plant will be constructed during the second phase of the project after the biofuel produced during the first phase is found to be engine-compatible.

“What you are trying to do here is buy down the technology so we can attract private investors to go into the final phase, which is commercialization,” Pratt said. The commercial plant will require one million metric tons of biomass from within 50 miles of the plant to produce biofuel at between \$1.65 and \$4 per gallon. It will also require additional funding, which Pratt said the partnership hopes to receive.

Besides helping the environment, Pratt said the use of biofuels would bolster homeland security.

“Right now 60 percent of our oil is coming from outside the United States. Some of that oil is coming from parts of the world that are not necessarily friendly to the United States, like Venezuela, or that are not necessarily politically stable,” Pratt said.

“If we could just displace 10 percent of our imported oil, that’s almost \$33 billion that stays in the United States--that stays in the Commonwealth of Kentucky,” Pratt said. Having a biofuels industry in Kentucky, he said, would have an economic impact that would be “multiplied several times.”

Rep. Harry Moberly, D-Richmond, said that the biofuel project planned by ECU and General Atomics is a good model to follow.

“This can be replicated with biomass in a lot of different areas (in the United States),” Moberly said, adding that the fuel can be produced and used locally without costly transport.

Subcommittee Co-Chair Rep. Keith Hall, D-Phelps, said supporting agriculture is important as well.

“I think it’s very instrumental that we find ways to utilize our farms and our facilities to get the best bang

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for our buck and create energy for the future,” Hall said.

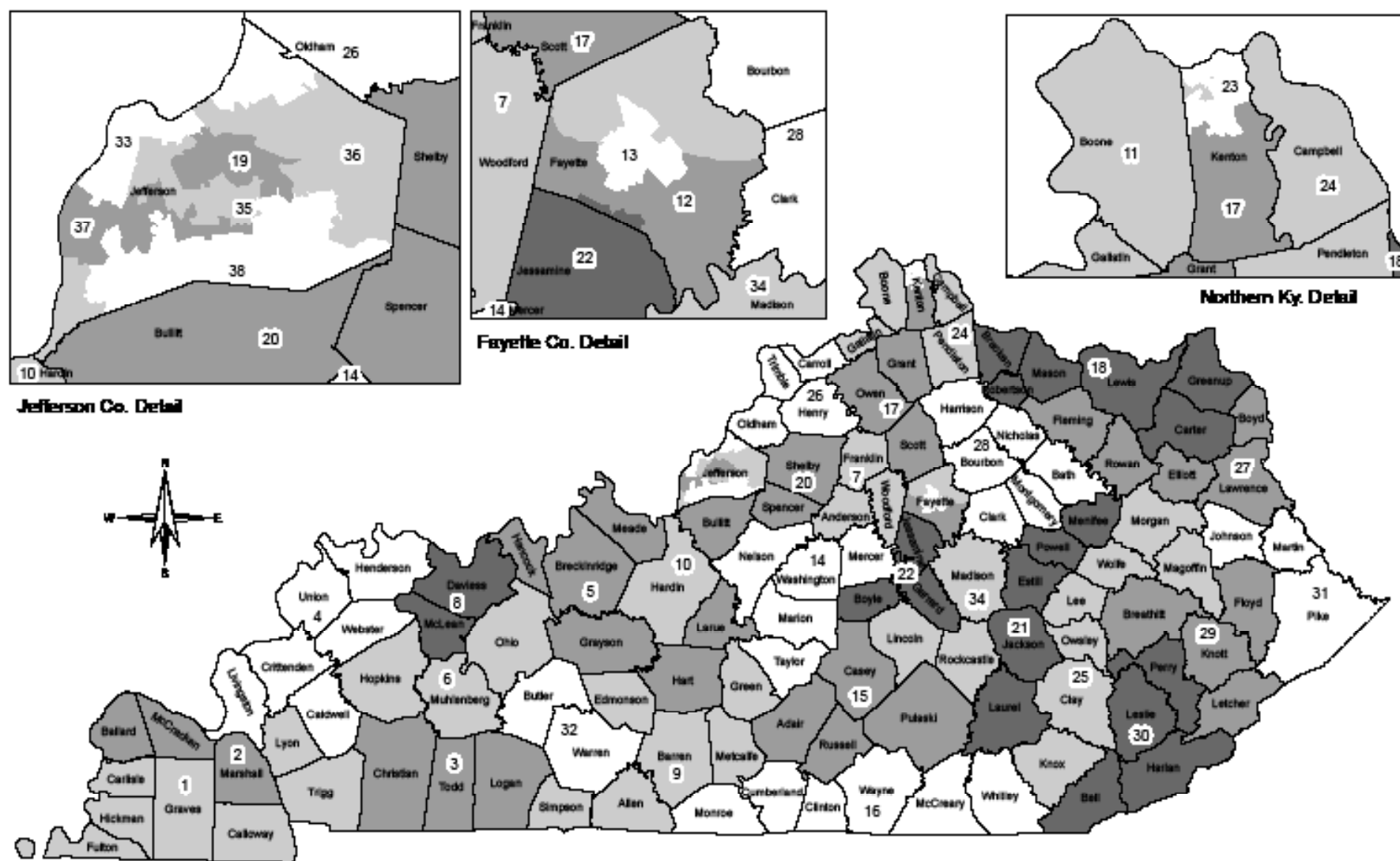
Rep. Jim Gooch, D-Providence, said he supports the biofuel efforts of ECU and General Atomics but that other options, like turning fossil fuel into energy sources, shouldn’t be overlooked.

“We can take and make diesel fuel from coal and that doesn’t take 10 years to develop; that can be done to-

day,” Gooch said.

“We need to be considering everything and not dismiss things that can be done today.”

Also testifying before the committee was Roger Ford with CNG Energy, who spoke about his company’s efforts to commercialize alternative transportation fuels including compressed natural gas, liquefied natural gas and hydrogen.

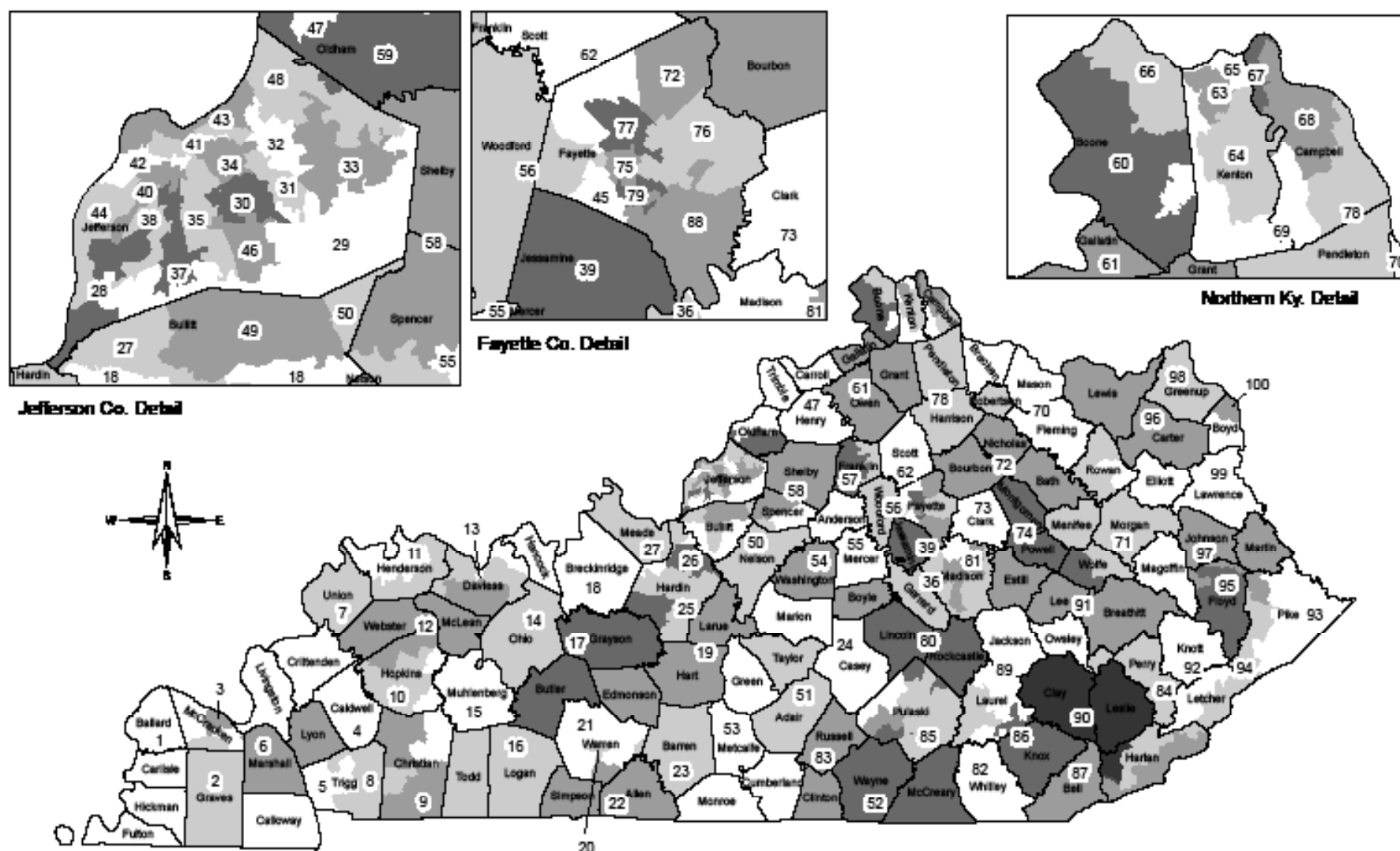


2002 Kentucky Senate Districts

Senate Plan (SH001A09) became law (KRS 5.101 - 5.138) January 31, 2002, with enactment of House Bill 1.

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2002 Kentucky House Districts

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