



State's banking landscape mirrors national trend

by Jim Hannah
LRC Public Information

A nationwide movement of bank consolidations over the past few decades has reached Kentucky – sparking concern that community banks will disappear.

“We are in serious danger of losing our community banks – not just in Kentucky but all over the country,” Rep. Chris Harris, D-Forest Hills, said during the Nov. 29 meeting of the Interim Joint Committee on Banking & Insurance.

He made the comment after Kentucky Department of Financial Institutions Commissioner Charles Vice gave a year-end report on the health of Kentucky's banks. The report highlighted the fact that the nation's mega banks – firms with more than \$10 billion in assets – now control 75 percent of all assets held by the nation's banks. That's an increase of 40 percent from 1992 when mega banks controlled just 35 percent of nation's total banking assets.

“I'm not opposed to large banks,” Vice said. “I do not have any issue with large banks, and large banks serve a purpose, and they are needed for economic growth and activity in this country ... but this shows a tremendous concentration of economic power in a very few number of banks.”

He said the concentration of banking assets has trickled down to Kentucky. The state went from 154 state-chartered banks in 2012 to 137 in 2015. Twelve of the banks that closed or consolidated were institutions with \$100 million or less in assets – representing 71 percent of the industry's consolidation in Kentucky.

While federal credit unions converting to state charters bumped up the number of those types of institutions across Kentucky in recent years, Vice said smaller credit unions are also



Left to right: Reps. David Osborne, R-Prospect, Adam Koenig, R-Erlanger, and James Tipton, R-Taylorsville, talk before the Interim Joint Committee on Banking and Insurance Nov. 29 meeting.

feeling the squeeze.

“Again, smaller credit unions are the ones going by the wayside,” he said, adding that three Kentucky-chartered credit unions with \$100 million or less in assets have closed or consolidated since 2012.

Rep. Steve Riggs, D-Louisville, asked Vice what the downsides were to the consolidation of the banking industry.

“If I'm running a \$1 trillion bank it is hard from me to be concerned about, or even care about, someone who wants a \$100,000 loan to

Aging public water systems need updating, lawmakers told

by Rebecca Hanchett
LRC Public Information

Many Kentuckians have modern appliances, but their public water systems may date back to the era of the avocado green dishwasher or before.

Division of Water Director Peter Goodmann told the Interim Joint Committee on Natural Resources and Environment on Nov. 3 that over 58,700 miles of the state's drinking water lines are an average of 38 years old with 16 percent of those lines dating back 50 years or more. Goodmann said the estimated cost of drinking water infrastructure improvements will total \$1.9 billion through 2025, although many systems don't have the customer base to cover the cost.

“Many systems are selling 18 – 20 percent less water than they used to,” Goodmann told the committee. “People are buying appliances and fixtures that use a lot less water... So you have no growth in customer base and a decline per capita in consumption.”

The solution is for utilities to receive grants or borrow money to cover infrastructure maintenance and operations, said Goodmann. Borrowing would require more utilities to increase their rates, which he said could lead to annual water utility rate increases of six to 10 percent over the next 10 years.

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start a new business,” Vice said. “But if I’m in a community where I know this individual ... I’m probably willing to take that risk for them to start that business.”

He also said the consolidation had lowered the number of Kentuckians employed by state-chartered banks to 11,882 in June although he didn’t present historical employment data for comparison.

Vice said the decreasing number of bank employees was a concern because small community banks act as economic engines by employing local residents. He said the small-town bank is often the second largest employer in Kentucky’s rural counties behind the board of education.

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Inflation, he said, “could exasperate this situation.”

Rep. Hubert Collins, D-Wittensville, said he remembers when only around 50 percent of his home county of Johnson had access to water. Today, around 95 percent of the county has water access—about the same percentage of total Kentuckians served by public water systems, said Goodman—thanks to the availability of coal severance funding for water projects. Now that coal severance funds are drying up, Collins asked Goodman about specific grants and loans available to communities.

Goodman said low-interest loans through state revolving loan funds, federal Community Development Block Grant (CDBG) money and some rural development loans and grants are “the big three” to help with water needs. Abandoned Mine Lands (AML) grant funds many also be of help, he said.

“The AML program has financed quite a few line extensions out into rural areas. A lot of that in mining areas has been done through the AML program,” he told Collins.

Questions about efforts to clean up the Levisa Fork of the Big Sandy River, impacted by a 2015 sewage spill in Virginia, and to remove trash from Pike County’s Fishtrap Lake were asked by Sen. Ray Jones, D-Pikeville. Goodman said the water quality of both the Levisa Fork and the lake are “very good” although there is a significant amount of trash in the lake. With prompting from Jones, Goodman said the state may ask the Corps of Engineers to help place some device in

“They purposely operated with more employees than they needed simply to provide some people in the community with economic activity, a job and a source of income,” Vice said.

He cited a nationally-recognized case study by Murray State University to further emphasize the importance of community banks to Kentucky’s 120 counties. The study found that from 2012 through this year, just one community bank in Paducah helped 100 small businesses by providing loans to survive the economic downturn and then grow.

The same bank’s artist relocation program is credited with revitalizing Paducah’s historic downtown, Vice said. The bank loaned 19 artists up to 300 percent of the value of underutilized buildings at a fixed interest rate of 7 percent for 30 years. In return, the artists agreed to renovate the building, move to the second floor and open up a studio on the ground floor.

Vice said another interesting fact is that community banks historically outperform their larger peers during economic downturns.

“What that is telling me is that community banks know their customers, they work with their customers and they have knowledge of the community they lend money to,” Vice said.

Committee Co-chair Sen. Tom Buford, R-Nicholasville, asked what impact the Dodd-Frank Wall Street Reform and Consumer Protection Act has played in the consolidation trend. Vice said the legislation has forced well-managed community banks to divert their limited resources to compliance.

“I know the Dodd-Frank legislation has caused a tremendous amount of havoc in our community banks in Kentucky,” Buford said. “I understand why they did it but they obviously didn’t direct their attention in the right area which would have been Wall Street.”



Senate Minority Floor Leader Ray Jones, D-Pikeville, makes a comment about Fishtrap Lake in Pikeville during the Nov. 3 meeting.

the area of the Levisa Fork to catch trash traveling into Fishtrap.

From a state agency standpoint, Goodman said Kentucky has been successful not just at providing access to drinking water but also in reaching compliance with health standards. The state holds a health standards compliance rate of 99.7 percent, he told lawmakers. After water safety violations were revealed in Flint, MI, Goodman said a state lead working group is reviewing Kentucky’s lead and copper protocols, although he clarified that the state’s public water systems have “a very good compliance record.”

“I don’t have any desire to sit in front of this group and try to explain a Flint situation in Kentucky,” said Goodman. “We wanted to make

“I don’t have any desire to sit in front of this group and try to explain a Flint situation in Kentucky. We wanted to make sure our protocols are appropriate.”

Peter Goodman
Director
Kentucky Division of Water

sure our protocols are appropriate.” That drew a response from committee Co-Chair Rep. Fitz Steele, D-Hazard.

“No, we definitely do not need a Flint, MI in the Commonwealth of Kentucky,” said Steele.

2017 REGULAR SESSION CALENDAR

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JANUARY – PART I

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

FEBRUARY – PART II

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

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

() Denotes Legislative Day

MARCH

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

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INTERIM JOINT COMMITTEE ON HEALTH AND WELFARE

Minutes of the Seventh Meeting of the 2016 Interim

November 16, 2016

Call to Order and Roll Call

The meeting of the Interim Joint Committee on Health and Welfare was held on Wednesday, November 16, 2016, at 10:00 a.m., in Room 129 of the Capitol Annex. Representative Tom Burch, Co-Chair, called the meeting to order at 10:01 a.m., and the secretary called the roll.

Present were:

Members: Senator Julie Raque Adams, Co-Chair; Representative Tom Burch, Co-Chair; Senators Ralph Alvarado, Tom Buford, Danny Carroll, Julian M. Carroll, David P. Givens, Denise Harper Angel, Jimmy Higdon, Alice Forgy Kerr, Reginald Thomas, and Max Wise; Representatives Robert Benvenuti III, George Brown Jr., Bob M. DeWeese, Joni L. Jenkins, Mary Lou Marzian, Reginald Meeks, Phil Moffett, Tim Moore, Darryl T. Owens, Ruth Ann Palumbo, David Watkins, Russell Webber, Susan Westrom, and Addia Wuchner.

Guests: Jim Kimbrough, State President, AARP; Eric Evans, Associate Director, AARP; Jessie Meiser, DNP, APRN, CPEN, Senior Vice President and Director of Nursing, The Lily Pad at Easter Seals West Kentucky; Jody Rogers, MSN, RN, NEA-BC, Vice President of Nursing, The Kidz Club, KYPPEC, Inc.; Shannon McCracken, Executive Director, Kentucky Association of Private Providers; Betsy Byrnes, Direct Support Professional, Kaleidoscope; Abigail Ball, adoptive parent; Rachel Blanford; Kimberly Hinkel, Kentuckiana Regional Planning; Kelli Williams, Accenture; Scott Wegenast, AARP; J. Scott Judy and Julie Mulligan, Masonic Homes of Kentucky; Laurie Jones, Child Protective Services, Department for Community Based Services, Cabinet for Health and Family Services; Andrea Flichum and Robert Brawley, Department for Public Health, Cabinet for Health and Family Services; Katy Coleman, Social Worker, Department for Community Based Services, Cabinet for Health and Family Services; Charles Williams, AARP; Harold Brown, Sterling Health Solutions, Inc.; Marylee Underwood, Commonwealth Council on Developmental Disabilities; Tim Feeley, Deputy Secretary, Cabinet for Health and Family Services; and Adria Johnson, Commissioner, Department for Community Based Services, Cabinet for Health and Family Services.

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

Family Caregiver's Act

Jim Kimbrough, State President, AARP, and Eric Evans, Associate Director, AARP, stated that there are four parts to family caregivers: 1) individuals who already receive services; 2) individuals who are

currently caregivers; 3) someone who will receive services in the future; and 4) someone who will be a caregiver in the future. Approximately 648,000 family caregivers in Kentucky help loved ones to live independently keeping them out of more costly nursing homes saving taxpayer dollars. In Kentucky, family caregivers of adults provide \$6.9 billion annually worth of unpaid care. Most individuals who receive assistance at home rely mainly on unpaid family caregivers for help.

The AARP recommends the General Assembly enact the Family Caregiver Act to support family caregivers to safely help Kentucky seniors stay at home. The bill features three important provisions: 1) name of the family caregiver is recorded when a loved one is admitted into a hospital; 2) family caregiver is notified if the loved one is to be discharged to another family or back home; and 3) facility must provide an explanation and give instruction of the medical tasks that the family caregiver will perform at home. Almost 46 percent of family caregivers perform medical or nursing tasks for loved ones with multiple chronic physical and cognitive conditions with little or no training. Kentucky spends a huge amount of money on Medicare because of readmission rates.

In response to questions by Senator Givens, Mr. Evans stated that each time someone is admitted to the hospital, a caregiver is designated.

In response to a question by Senator Danny Carroll, Mr. Evans stated that the language in the Family Caregiver Act prevents liability against lay caregivers.

In response to a question by Representative Benvenuti, Mr. Evans stated that 98 percent of individuals want to stay in their home after release from a hospital. Family caregivers save taxpayers money by helping provide care in the home.

Approval of the Minutes

A motion to approve the minutes of the November 2, 2016 meeting was made by Representative Jenkins, seconded by Representative Watkins, and approved by voice vote.

Consideration of Referred Administrative Regulations

The following administrative regulations were referred for consideration: **201 KAR 20:411** – establishes the requirements relating to a sexual assault nurse examiner course and the credentials of a sexual assault nurse examiner; **902 KAR 2:020 & E** – establishes notification standards and specifies the diseases requiring immediate, urgent, priority, routine, or general notification, in order to facilitate rapid public health action to control diseases, and to permit an accurate assessment of the health status of the Commonwealth; **902 KAR 20:058** – establishes licensure requirements for the operation of and services provided by primary care centers; **921 KAR 1:380** – specifies the process by which an individual may apply for child support services, the scope of services available, and the process for an

intergovernmental case; **922 KAR 1:151** – repeals 922 KAR 1:150, 1:170, 1:210, and 1:230 which are obsolete and have been superseded; and **922 KAR 1:500** – establishes eligibility and an application process, specifies allowable uses, and provides a procedure for administrative hearings pertaining to the educational and training vouchers to youths who have aged out of foster care or were adopted from foster care at age sixteen (16) or older. A motion to accept the referred administrative regulations was made by Senator Julian Carroll, seconded by Representative Jenkins, and approved by voice vote.

State Social Service Workers

Rachel Blanford, former Child Protective Service (CPS) worker, stated that she was in foster care for eight years and is thankful for CPS getting her out of a bad situation. She wanted to give back to the agency and eventually became a CPS worker herself. Everyone is overworked and underpaid with no change in the foreseeable future. Because CPS workers are involved in horrible circumstances every day, there is a high turnover rate. The children and families of Kentucky deserve the best.

Katy Coleman, Social Worker, Department for Community Based Services, Cabinet for Health and Family Services, stated that the state cannot protect vulnerable children without social workers. While social workers are appreciative for the current raise, salaries need to be competitive in order to retain workers. The Kinship Care program needs to be reinstated. A child receives \$300 a month for Kinship Care services compared to \$77.14 per day for foster care. As of November 6, 2016, there were 8,093 children in state custody, because there are not enough homes for placement. Some family members cannot afford to take in children, and the Kinship Care program would help with costs. Children of all ages are affected.

In response to a question by Representative Burch, Ms. Coleman stated that two days after testifying at the September meeting, an email was sent to all working saying not to speak to the media without prior approval. One worker's unit was the only unit placed on a Performance Improvement Plan (PIP) after his testimony before the committee.

Senator Julian Carroll stated that the raise that social workers received caused problems with other employees because they did not receive a raise. Legislators need to do something to help social workers.

Representative Burch stated that social workers need protection and tools to perform their job. Children in state custody need to be adopted.

Senator Danny Carroll stated that changes are coming in the 2017 Regular Session to help social workers.

Tim Feeley, Deputy Secretary, Cabinet for Health and Family Services, stated that the email about needing prior approval to speak to the media was sent to the entire cabinet reemphasizing policy already in place and was not meant as a threat. There has not been any retribution of any social worker who testified at the September meeting. The cabinet is taking steps to improve situations for workers. Recruiting for new social workers has increased with some former workers coming back due to the changes

the cabinet has implemented. The cabinet has reached out to retired law enforcement officers to help with investigations. In 2013, the Kinship Care program was put on hold because the number of children coming into state custody continued to grow. Children who were placed with relatives received 6 to 12 months of child care assistance and a one-time \$350 payment was given per child to help offset the cost of needed supplies.

Representative Benvenuti stated that in today's society, the needs of parents are put over the needs of the children. Families need to take care of their own families. The current cabinet staff is being more transparent.

Pediatric Extended Care

Jessie Meiser, DNP, APRN, CPEN, Senior Vice President and Director of Nursing, The Lily Pad at Easter Seals West Kentucky, and Jody Rogers, MSN, RN, NEA-BC, Vice President of Nursing, The Kidz Club, KYPPEC, Inc., stated that the statutory authority for Prescribed Pediatric Extended Care (PPEC) is found in KRS 216.875 to 216.890 and the standards for PPECs are covered in 902 KAR 20:280. A PPEC is a nonresidential health care service which provides an important link in the continuum of care for medically or technologically dependent children and their families. The children that are served receive ongoing medical treatment, constant assessment and supervision while being in a stimulating social and education program. The holistic approach to care enables children who are medically fragile to excel in a structured fun environment with other children. It also strengthens family unity by allowing the parent to return to work or school. The PPEC center provides day health care, developmental interventions, and parental training. All PPEC facilities shall have two full-time registered nurses and one nursing assistant and are reimbursed for skilled nursing services. In 2011, the Department for Medicaid Services developed an objective framework to evaluate the medical needs of the child so appropriate payments could be determined. The Leveling Evaluation Tool (LET) not only measures the medical and nursing need, but also social, developmental, educational, and therapeutic needs. The LET determines benefits and outcomes outside of skilled nursing interventions and helps to encompass the holistic and community care provided by PPEC.

Representative Wuchner stated that the administrative regulation should be changed to cover licensed practical nurse services.

Senator Danny Carroll stated that PPEC facilities allow children with special needs and their families the ability to lead a normal life.

Home and Community Based Waivers: The Invaluable Role of the Direct Support Professional

Shannon McCracken, Executive Director, Kentucky Association of Private Providers (KAPP), stated that KAPP has 110 member agencies, 12,000 waiver participants, and 7,000 full-time direct support professionals. The Medicaid Program was established in 1965 and the home and community based waiver (HCBS) program in 1981. Home and community based waivers are a small but critical component of Medicaid and need to be protected. KAPP is working with the Department for Community Based Services

(DCBS) to reduce unnecessary administrative regulations. The aging disabled population has grown due advanced medical interventions. HCBW rates have not changed in twelve years causing facilities to not be able to give raises to staff. There is a 50 percent turnover rate of staff and costs a facility approximately \$5,000 per staff. Workforce labor is 80 percent of a provider's budget. Solutions to help PPEC facilities would be to streamline and standardized billing and documentation of services, establish realistic baselines for reimbursement rates, revise service models that require fewer direct support professionals, expand technology use, and explore innovative care approaches.

Senator Thomas asked for a breakdown of the the demographics of the workforce be given to committee members.

Betsy Byrnes, Direct Support Professional (DSP), Kaleidoscope, stated that she has worked at Kaleidoscope for 17 years and averages 40 to 52 clients. Having the same DSP allows clients to feel safe and with someone they can trust. Everyone deserves to be valued and heard.

Grandparent's Rights

Abigail Ball, adoptive parent, stated that one of the three main purposes of our Constitution is to protect citizens from intrusion in their personal lives by the government. A parent has a fundamental right to raise a child, but this right is not equally protected under the law as is our right to free speech. Intrusion by government in the parent/child relationship is a clear violation of the rights not specifically listed but still protected by the Constitution. The clearest example of this in Kentucky is KRS 405.021 concerning grandparent visitation. The courts have interpreted this law to mean that it can grant any amount of visitation to any grandparent at any time for any reason, and parents and children across the Commonwealth have suffered. The judge that granted the petition for her to adopt her husband's three children a year later granted the biological maternal grandmother visitation with the children. Granting visitation to grandparents after an adoption should not be legal, because they are no longer a part of the child's family. There is no one better equipped to make choices about a child than the person with the responsibility to raise the child. Since the court ruling in 2014, two different psychologists have written letters stating that the visitation with the maternal grandmother is not in the children's best interest and both letters were ignored by the court.

Representative Burch stated that the courts have struck down most of KRS 405.021. Parents are primarily responsible for decisions pertaining to their children.

In response to a comment by Senator Thomas, Ms. Ball stated that not all grandparents follow a parent's wishes and do not deserve visitation rights.

Representative Benvenuti stated that it is harmful for a grandparent to usurp a parent's authority.

Representative Wuchner stated that parents and grandparents need to be able to work out problems in the best interest of the children.

Adjournment

There being no further business, the meeting was adjourned at 11:35 a.m.

INTERIM JOINT COMMITTEE ON LICENSING AND OCCUPATIONS

Minutes of the 6th Meeting of the 2016 Interim

November 28, 2016

Call to Order and Roll Call

The 6th meeting of the Interim Joint Committee on Licensing and Occupations was held on Monday, November 28, 2016, at 10:00 AM, Turfway Park, Florence, KY. Senator John Schickel, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator John Schickel, Co-Chair; Representative Dennis Keene, Co-Chair; Senators Tom Buford, Denise Harper Angel, Ray S. Jones II, Christian McDaniel, and Damon Thayer; Representatives Larry Clark, Jeffery Donohue, Daniel Elliott, Dennis Horlander, Adam Koenig, Jerry T. Miller, David Osborne, and Diane St. Onge.

Guests: Chip Bach, General Manager, Turfway Park; Frank Kling, Chairman, Mark Simendinger, Board Member, Kentucky Racing Commission; Adam Watson, Daniel, "DH" Harrison, Kentucky Guild of Brewers; Tina Volz, PT, Ed Dobrzykowski, PT, Louis Kelly, General Counsel, Kentucky Board of Physical Therapy; Steve Stevens, CEO, Kentucky Association of Realtors; Robert M. Weiss, Executive Vice President, Home Builders Association of Kentucky; William T. Reynolds, O.D., President, Fred M. Mayes, O.D., Treasurer, Nicole Biddle, Counsel, Kentucky Board of Optometric Examiners.

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

Approval of minutes from October 14, 2016 meeting.

Due to the lack of a quorum, approval of the October minutes was passed over.

Welcome to Turfway Park

Chip Bach, General Manager of Turfway Park, said that it was an honor to host the meeting at Turfway Park.

Mark Simendinger, board member, Kentucky Horse Racing Commission, said over the last 15 years the number of races in the United States has dropped dramatically. The number of foals in Kentucky has dropped, and there are fewer races. Purses per race have remained solid; however, due to the additional money from historical horse racing. States who do not have historical horse racing, or other revenue sources to supplement purses, are struggling because there is no additional money in their purse program.

In response to a question from Representative Clark, Mr. Bach said Turfway has no objection to having historical horse racing. However, the owner, Jack Entertainment, is waiting on pending litigation before having historical horse racing at Turfway Park.

In response to a question from Representative Keene, Mr. Simendinger said Ohio has purse challenges and a larger number of racing day. Racinos are now helping bring in larger purses.

Frank Kling, Chairman of the Kentucky Horse Racing Commission, said that money collected from the Kentucky excise tax on pari-mutuel wagering

came from live racing, simulcast racing, Advanced Deposit Wagering (ADW) and Historical Horse Racing (HHR). The money from live racing, simulcast and HHR is divided between the Thoroughbred Development Fund, Standardbred Development Fund, Quarter Horse and Other Breeds Development fund, Backside Improvement Fund, Equine Industry Program, Equine Drug Research, Higher Education Fund. It is estimated that in fiscal year 2017 excise taxes on pari-mutuel wagering will increase due to HHR.

In response to a question from Senator McDaniel, Mr. Simendinger said ADW is an online account, such as TwinSpires.com, that allows you to wager on a race from any location. Tax from these accounts is based on the amount wagered. The percentage of excise tax that goes into the general fund from a live wager is broken down in a different calculation than an ADW online account. The tax rate is lower for the ADW online account.

Senator Thayer added that the revenue bill three years ago enacted a 1.5 percent flat tax on all wagers in the state from other areas. However, ADWs only pay half a point. Therefore, when wagering at a track, 1.5 percent is taken from your wager, but if you wager from the app on your phone only .5 percent is taken out of the bet. Standardbred races are exempt from the pari-mutuel tax.

Kentucky Guild of Brewers

Adam Watson, President, Kentucky Guild of Brewers, said Senate Bill 11 raised the production cap for a microbrewery from 25,000 barrels per year to 50,000 barrels. This allows the microbrewers to keep their retail privileges. Microbrewers can now sell their own malt beverages by the package and by the drink to consumers at fairs, festivals and other similar events located in wet territory. The Guild has partnered with the Kentucky Tourism Cabinet to help promote Kentucky craft beer as well as the Department of Agriculture to feature Kentucky Proud products and the "Drink Kentucky" app. The guild has an agreement with local farmers who pick up spent grain to use in animal feed.

Daniel Harrison, Secretary, Kentucky Guild of Brewers, said that microbrewers are participating in events across the state such as the Festival of the Horse in Georgetown, the Cynthiana Art Walk, and the Shaker Village Music Festival as well as events such as Ironman Louisville. Additionally, microbrewers hold their own special release events. These events draw patrons worldwide.

In the past five years, craft brewing in Kentucky has seen a 600 percent growth rate. In 2016 11 new breweries opened. Currently, there have been 46 ABC microbrewery licenses issued. Sixteen of these breweries are planning expansion. In 2016, brewers increased their workforce by 25 percent. Kentucky's craft brewers export to 38 states and 12 countries with a total economic impact of \$495 million. Projected sales for 2017 are for at least 40,000 more barrels with beer sales up 40 percent.

Adam Watson said that that craft breweries are paying excise tax, wholesale tax and sales tax on their products, which in 2016 generated over \$6,557,744. Guild members also participate in and contribute to local charities and organizations, with West Sixth

donating over \$120,000 to local and national charities this year.

Representative Keene commented that the industry is being viewed as an economic development catalyst.

Kentucky Board of Physical Therapy

Louis Kelly, General Counsel, Kentucky Board of Physical Therapy, said that the board will have legislation for the upcoming session to enact Kentucky's participation in a national, interstate compact for physical therapy. It is believed that this would reduce the burden on licensing the profession. The physical therapy compact is like other compacts Kentucky has. For example, a Kentucky driver's license is recognized when driving in other states. However, an attorney with a license in Kentucky can only use that license in Kentucky. To practice in Ohio, the attorney must have a license through the Ohio bar association. Currently, Kentucky physical therapy law is similar to a law license. To practice physical therapy in Ohio, the therapist must obtain an Ohio physical therapy license. A compact would change that.

Under a proposed compact drafted by the Federation of State Boards of Physical Therapy, in consultation with the Council for State Governments and member institutions, those states who have passed enabling legislation will enable a licensee in good standing in their state to go to another member state to practice physical therapy without getting a license in that state. Those physical therapists who wish to practice in another state pay a fee to participate in multi-state licensing under the compact.

The compact will go into effect once ten states have enacted the legislation. Currently four states, including two bordering states, Missouri and Tennessee have adopted the compact. The Federation predicts that 12 to 17 states will introduce legislation this year.

Senator Buford said that the compact made perfect sense.

In response to a question from Representative St. Onge, Mr. Kelly said the physical therapist would only maintain continuing education in their home state. Ms. Volz added that in order to participate in the compact the member state has to have continuing education in their law.

Tina Volz, Chair, Kentucky Board of Physical Therapy, said that the board is very much in favor of the legislation. The requirement of reporting to a national disciplinary data base is important. Also, the compact will improve access to therapists.

Ed Dobrzykowski, physical therapist at Saint Elizabeth Hospital, said that the hospital had difficulty in hiring physical therapists. The demand for physical therapists is well known. Telehealth is a new area that has advantages to having a compact. The American Physical Therapy Association supports the compact.

Senator Schickel cautioned that the members of the General Assembly are concerned about states' rights and data gathering. There have been problems in the past with compacts and he asked that the board members consult with Senator Givens regarding the legislation.

Kentucky Association of Realtors

Steve Stevens, CEO, Kentucky Association of Realtors, said the Kentucky Association of Realtors

represents over 10,000 realtors in Kentucky. There are 21 local boards across the state of Kentucky. A strong housing market is the cornerstone of a growing economy. Home owners and investors in commercial real estate bring a positive impact to neighborhoods and communities. Home ownership in Kentucky outpaces the nation by five percentage points.

Home values are rising and interest rates are staying low; however, inventory is at an all-time low in Kentucky. When this occurs, home prices rise at a faster rate than incomes. Income levels have risen by about two percent while home prices have been growing at a rate of five to six percent per year. The average number of days a house is on the market is less than 120 days.

For every two houses sold one job is created and each purchase generates about \$60,000 to the economy. This includes appraisers, auctioneers, attorneys, insurance companies, surveyors, mortgage lenders and home inspectors.

The real estate industry needs tax reform, and encourages supporting first-time home buyers through tax credits. Legal reform is needed to protect landlord interests in tenant issues regarding owner's investments and personal responsibility. The majority of real estate companies in Kentucky are small businesses. It is well known that over-regulation of small businesses results in higher costs to consumers and slows economic growth.

The real estate industry knows that Kentucky is facing a substance abuse problem and would like to commit their support to the legislature in helping stop the heroin crisis.

Bob Weiss, Executive Vice President of the Home Builders Association of Kentucky, said home building is up by 15 percent compared to last year. There are 30 occupations that go to work when a home is built. This adds to the tax base, income generated and creates jobs.

Workers left the industry during the housing bust in 2008, and have not returned now that home building is back on the rise. Two members of the Homebuilders Association, northern Kentucky and Lexington have their own schools to train workers in HVAC, plumbing, electrical and carpentry. These schools offer night classes so that students can work in their trade during the day and take relevant courses in the evening. The placement rate is 99.5 percent.

Senator Schickel took issue with a comment that the legislature has done a good job regarding the heroin crisis. He said the problem is getting worse.

Senator Buford commented that dealing with drug addiction was a difficult situation. He added that there is a problem with finding labor to build new houses. He also commented that in the past the Senate has worked on the issue of liability when an apartment owner rents to a dog owner.

Senator Thayer noted heroin has permeated life in Kentucky. He said that he supports any bill to toughen penalties regarding heroin dealers.

Kentucky Board of Optometric Examiners

Dr. Bill Reynolds said that the Board of Optometric Examiners would like to change the Optometry Act regarding license renewal fees. Currently the fee is capped at \$200. The change requested would place the renewal fee in administrative

regulations that would be promulgated by the board. This is consistent with other health care providers and does not require a statutory change when fees are amended. The board has not requested an increase in fees in 20 years. Costs to the board such as rent have increased, and the general assembly has swept the account during this time period. The increase in fees is supported by the Kentucky Optometric Association that represents over eighty percent of the practicing optometrists in the state. The board has sent a notice to all licensed O.D.s in the state asking for response. All responses have been supportive of a fee increase.

In response to a question from Representative Horlander Dr. Reynolds said the board verifies credentials. Complaints are investigated by the board. If there is a law suit against an optometrist the board investigates that complaint.

Senator Schickel noted that he has met with this group several times and advised them that to be successful the membership must have buy-in.

Representative Jerry Miller said that all the testimony heard today ties in the Governor's Red Tape Reduction Act.

In response to a question from Senator Buford, Dr. Reynolds said the board's account had not been swept since 2012 because there was nothing to sweep.

Representative Osborne said that he has been meeting with the board regarding sponsoring this legislation and commended the board for reaching out to their membership.

In response to a question from Senator Jones, Dr. Reynolds said that when the students start to graduate there will be more work for the board.

There being no further business, the meeting was adjourned at 11:35 AM.

INTERIM JOINT COMMITTEE ON TRANSPORTATION

Minutes of the 6th Meeting of the 2016 Interim

November 1, 2016

Call to Order and Roll Call

The 6th meeting of the Interim Joint Committee on Transportation was held on Tuesday, November 1, 2016, at 1:00 PM, in Room 149 of the Capitol Annex. Senator Ernie Harris, Chair, called the meeting to order, and the secretary called the roll. The minutes from the Committee's October 4, 2016 meeting were approved.

Present were:

Members: Senator Ernie Harris, Co-Chair; Representative Hubert Collins, Co-Chair; Senators C.B. Embry Jr., Jimmy Higdon, Gerald A. Neal, Dorsey Ridley, Albert Robinson, Johnny Ray Turner, Whitney Westerfield, and Mike Wilson; Representatives Tim Couch, Tom McKee, Russ A. Meyer, Charles Miller, Jerry T. Miller, Terry Mills, Marie Rader, Steve Riggs, Sal Santoro, John Short, Arnold Simpson, Diane St. Onge, Fitz Steele, Jim Stewart III, and Tommy Turner.

Guests: Scott Butcher, Reentry Affairs Coordinator, Ashland, Mid-Atlantic Region, US Federal Bureau of Prisons; Scarlett Mattingly, Reentry Affairs Coordinator, Lexington, Mid-Atlantic Region, US Federal Bureau of Prisons; Nick D'Andrea, Vice President of Public Affairs, UPS; Megan McLain,

Staff Attorney, KYTC; Patty Dunaway, State Highway Engineer, KYTC; and Jolene Parrish, Executive Director, Office of Human Resources, KYTC.

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

US Bureau of Prisons: Modifying Statutes Allowing Prisoners to Obtain Driver's License and ID Card Upon Release

Scott Butcher, Reentry Affairs Coordinator, Mid-Atlantic Region, US Federal Bureau of Prisons and Scarlett Mattingly, Reentry Affairs Coordinator, Lexington, Mid-Atlantic Region, US Federal Bureau of Prisons, testified about allowing federal and state prisoners to have IDs and Driver's Licenses upon release. They also are requesting changes to allow the Transportation Cabinet, and/or circuit clerks to issue driver's licenses to current and eligible inmates. Such a change would help inmates integrate back into society more easily, and aid them in participating in work release programs.

Mr. Butcher stated it is the mission of the Federal Bureau of Prisons to protect society by confining offenders in the controlled environments of prisons and community-based facilities that are safe, humane, cost-efficient, and appropriately secure, and that provide work and other self-improvement opportunities to assist offenders in becoming law abiding citizens. He added the Federal Bureau of Prisons is responsible for the custody and care of federal inmates, which currently number over 190,000 nationwide.

There is a 34 percent rate of recidivism among federal prisoners. Mr. Butcher stated the Bureau provides a myriad of inmate programs to address criminogenic needs. Accordingly, the federal recidivism rate has declined over the past couple of decades and is now half the rate of many large state Departments of Corrections. There are five custody classifications within the Federal Bureau of Prisons, administrative, high, medium, low, and minimum classifications. All five types of classifications are in Kentucky and have both out and community custody levels of classifications as well.

Mr. Butcher discussed details of inmate work programs and stated that all inmates who are physically and mentally able are required to participate in work programs. The areas that work programs are utilized by the prison systems are in the food service industry, in the commissary, with the orderly, and inside different facilities. The work details at federal camps which require road access are landscaping and grounds keeping, outside facilities operations, safety and recycling, and town drivers. Pennsylvania, Texas, Florida, and Virginia have systems that allow inmates to obtain appropriate identification in the form of driver's licenses.

Mr. Butcher outlined the 11 factors that would be used to determine if an inmate fits the eligibility criteria for the program. Inmates undergo great scrutiny to be able to participate in the program. The driver's license would not be kept on the inmate's person and when the keys to the government issued vehicle are turned in, so is their license. In addition to the criteria used, wardens have final approval for participation. The inmates receive no special treatment for obtaining licenses and are held to the

same standards and document production as citizens. Each inmate must provide a Social Security card, birth certificate, and other documentation needed by statute.

Mr. Butcher stated the benefits to having inmates receive their driver's licenses are that costs to taxpayers can be reduced, as well as relief provided to institutional budgets due to the cost of inmate labor being significantly cheaper than staffing. Also, the safe, secure, and orderly running of the institution can be affected if officers are required to make trips. The use of government vehicles due to the Federal Tort Claims Act is also a benefit. Public Safety through the vetting process and the utilization of the Governor's Criminal Justice Policy Assessment Council (CJPAC) are two other benefits.

In response to an inquiry into insurance issues, Mr. Butcher stated current inmates who obtain a driver's license would be utilizing government vehicles which would be covered under the proper insurance policy by the government. Once an inmate is released and their term is served, it is then up to that inmate if they acquire a vehicle and to properly insure that vehicle.

In response to a question asked by Senator Westerfield, Ms. Mattingly stated it is her understanding that inmates housed in Kentucky are counted as Kentucky residents in the U.S. Census.

UPS: Natural Gas Fleet

Nick D'Andrea, Vice President of Public Affairs, UPS, discussed the use of natural gas in UPS fleet and introduced Scott Young, the new Executive Director of the Kentucky Trucking Association.

UPS is committed to thinking outside of the box and moving forward with advancing technologies including the use of alternative fuels. UPS has a global and comprehensive greenhouse gas reduction strategy which is where a piece of the natural gas rolling laboratory strategy fits in. UPS also utilizes air fleet efficiencies, where winglets have been placed on 767s that will reduce drag which reduces fuel consumption. UPS has a strategy of not making left-hand turns when possible. Taking left hand turns can add time to routes, as well as being more dangerous than taking right hand turns. There are approximately 100,000 trucks on the road; for every one mile that is taken off of the truck routes, there is \$50 million in savings that is realized, and emissions are reduced. UPS uses "Orion" System software that uses package data in a truck and routes the truck in a very specific manor with the best flow of traffic. It determines where there could be issues and re-routes them around that traffic to deliver those packages. This allows for optimization of the route, which saves money and emissions.

Mr. D'Andrea stated UPS has utilized electric cars since the 1930s, but now UPS also utilizes other fuel sources such as compressed natural gas, liquefied natural gas, propane, and some electric and hybrid vehicles. Most of the suburban routes have alternative fuel usage of compressed natural gas and hybrid vehicles. The suburban routes average approximately 100 miles. The regional routes which involve routes from a UPS hub to another UPS hub and ranges an average of 400-600 miles per haul utilizes liquified natural gas, compressed natural gas and biomethane.

For city center routes which are usually less than an average of 60 miles, UPS utilizes electric and ethanol sources. UPS does not use any ethanol sources in Kentucky. Finally, during a rural operating situation for UPS, which the routes average approximately 100 plus miles, propane can be utilized. Of the 100,000 UPS vehicles, there are over 8,000 that are alternative fuel vehicles. UPS runs approximately 50 package cars and 73 tractors in Kentucky on natural fuels. Also, 8.3 million miles are run on natural gas vehicles in Kentucky each year. With the centennial hub expansion UPS has planned for Louisville, there will be another 75 compressed natural gas tractors and possible more compressed natural gas package cars that will be added in 2017. There is a possibility to add more compressed natural gas package cars in Lexington and other locations.

Mr. D'Andrea added when studying the use of alternative fuels, there are several considerations a business must observe. One being the diesel versus gasoline versus alternative fuel price spread. Another consideration is the vehicle miles traveled and the vehicle fuel economy for the amount of fuel consumption.

The Trash to Gas program is being looked into for future use at UPS. Renewable natural gas (RNG), also known as biomethane can be derived from many abundant, renewable sources including decomposing organic waste in landfills, wastewater treatment and agriculture. Renewable natural gas can be used in any natural gas vehicle. UPS's rolling laboratory approach provides a unique opportunity for UPS to test different fuels and technologies and positions for UPS to use RNG in its extensive natural gas fleet. Methane gas is pulled from acres of buried waste and then naturally occurring methane is captured before it is released into the atmosphere as a greenhouse gas emission. The methane is then purified and processed into RNG. The RNG is then distributed across the country through natural gas pipelines. UPS reached its goal of driving 1 billion miles with alternative fuel and advanced technology fleet one year early as the original goal was to complete this task in 2017.

In response to a question asked by Representative McKee, Mr. D'Andrea stated at this time there are no UPS vehicles that are run on pure ethanol in Kentucky, nor are there any vehicles running on flex fuels such as E-85 in Kentucky. Representative McKee inquired as to why E-85 is not currently being utilized in Kentucky. Mr. D'Andrea stated he would be happy to get back with him at a later date with an answer as to why E-85 is not being utilized.

In response to a question asked by Representative Jerry Miller, Mr. D'Andrea stated only specific routes make running a propane vehicle more efficient. Using compressed natural gas vehicles are better for shorter routes, but more mileage can be gotten out of the use of propane.

In response to Representative Collins, Mr. D'Andrea clarified that UPS does make left hand turns occasionally, however, when possible, right hand turns are used. In response to a second question asked by Representative Collins, Mr. D'Andrea stated UPS is being charged a fuel tax for the use of compressed natural gas.

In response to a question asked by

Representatives Santoro and St. Onge concerning a lack of natural gas stations statewide and incentives to have companies increase their natural gas fleets, Mr. D'Andrea stated the possibility of exercising Florida's idea of waiving the natural gas fuel tax was one idea to incentivize the use of natural gas. He added because very few companies are using natural gas currently, the hit to the Road Fund would be minimal. The idea is that after 5 years and after more companies start utilizing the natural gas fleet, then the companies would be required to pay the tax. Florida has gone from 20 natural gas fueling stations to over 200 because of the fuel tax holiday that was implemented.

In response to a question asked by Senator Wilson, Mr. D'Andrea stated UPS is running hydrogen vehicles in California and on shorter routes there have been good results, however, there have been some issues with the use of the hydrogen vehicles on longer routes.

Motorcycle Transponders for Louisville Bridges tolling system

Megan McLain, Staff Attorney, KYTC, testified about motorcycle transponders for the Louisville Bridges tolling system. She stated there are two types of transponders that are offered to motorcyclists. The first type is called a Riverlink local transponder, which is given away for free and if a replacement is needed the cost is \$5.00 per transponder. The Riverlink local transponder is a sticker, is not water resistant, and is not expected to be able to withstand weather conditions. They also cannot be removed without breaking the transponder. The Riverlink local transponder is not recommended for motorcyclists. The second type of transponder that is available is the Riverlink E-Z Pass transponder, which is a box. The cost of the Riverlink E-Z Pass transponder is \$15.00 and can be taken off of the windshield and moved between vehicles, and is more water resistant therefore it is the recommended choice for motorcyclists to use.

Chairman Harris questioned the possible blowback from motorcyclists as to why they are required to spend \$15.00 for a transponder that is better equipped for motorcycle usage whereas the other transponder is free. Ms. McLain stated there have been a few comments made concerning that issue, and the reason there are not free transponders for motorcyclists is that the technology just does not exist yet for that to be a possibility, but as soon as technology catches up, KYTC will definitely look into providing a new and different transponder. Ms. McLain stated there are other agencies who opt for usage of a sticker transponder to use on motorcycle headlights, but it has become evident that that type of transponder only works approximately 70 percent of the time, so Kentucky has opted out of the usage of those. Ms. McLain stated one benefit to the Riverlink E-Z Pass transponder is that it will work anywhere on the E-Z Pass network, not just in Kentucky and the transponder can be moved vehicle to vehicle.

In response to a question asked by Co-Chair Collins concerning the process that is carried out if someone does not have a transponder, Ms. McLain stated a picture of the license plate is taken which is then matched with DMV data. Then the person will be charged a toll, it will just be a higher toll than with the usage of a transponder. She added eventually

there will be an option to pre-register a license plate number and pay the toll that way if the person does not wish to use a transponder.

In response to a question asked by Senator Westerfield, Ms. McLain stated the photographs that are taken of the license plates are only kept a few months, just long enough to get through the billing cycle.

In response to a question asked by Chairman Harris, Ms. McLain stated tolling is on track to be implanted in December 2016.

Highway Equipment Operators Salary Study

Patty Dunaway, State Highway Engineer, KYTC, and Jolene Parrish, Executive Director, Office of Human Resources, KYTC, gave an update on the Highway Equipment Operator Salary Study as well as the approval by Governor Matt Bevin to administer raises to 2,100 employees who work in maintenance for KYTC. Ms. Dunaway stated the results of the salary study are not final yet, however the Personnel Cabinet made a recommendation for raises which included the classifications of Heavy Equipment Operators and Highway Superintendents.

Ms. Dunaway stated within the Department of Highways, there are several different series that work in the maintenance area, and that several have the core function of providing snow and ice removal. She added it was important to the Cabinet not to exclude the series of the maintenance staff in the salary study. Ms. Dunaway stated there are a total of eight series that have had recommendations for raises to be given. Ms. Dunaway stated the average raise is approximately \$3.20 per hour for the eight different series within the maintenance staff, which include Highway Equipment Operators, Highway Laborers, Highway Traffic Technicians, Transportation Auto Truck Technicians, Welders, Auto Parts Specialist, Machinist Consultant, and Highway Equipment Maintenance and Management Technician, for a total of approximately 2,100 employees in the maintenance area that will receive raises.

There were some positions that were left out of the Engineers Salary study, so the Engineering Technologists II and III series will be given raises as well. There are approximately 530 employees from the Engineering tech series that will be receiving raises. The final details are being worked on as there are still classification and compensation issues to be ironed out. As soon as the final details are finished, they will be released. Ms. Dunaway reiterated the turnover rates that the Cabinet had been experiencing due to lack of salary for these positions and thanked all who were involved for the push that was given to make the raises a reality.

Senator Harris commented on the awareness that has been made on the pay inequities for the Cabinet and in these particular series, and expressed his delight that the problem has been addressed. He also questioned how these raises were being funded. Ms. Dunaway stated in order for the raises to be considered, a business case was presented showing the internal savings within the Cabinet as well as specifically in the Department of Highways in order for the raises to be afforded. She stated a lot of contract work will also be pulled as "in-house" work, which will result in a cost savings as well in order to generate

the funds needed. Much of the contract work will now be able to be done in-house due to the ability to retain employees because of the raises given. Cross-training of employees will also be a consideration to generate cost savings. She added an estimated \$25 million in savings is what is projected.

In response to a question asked by Representative Short who inquired why the report was being released at this particular time even though Governor Bevin vetoed a timeline for the study at the end of last session, Ms. Dunaway stated that the Personnel Cabinet still managed to complete the study by the original anticipated timeline and stressed that it was imperative that other classifications such as the auto truck technician needed to be included in the study. Ms. Dunaway stated the Salary Series study will be provided as soon as possible.

In response to a question asked by Co-Chair Collins, Ms. Dunaway stated there are approximately 800 employees with the Highway Department that would not be receiving a raise. A significant amount of those 800 employees are administrative and support staff such as secretaries or administrative assistants, and due to the large number of those positions held across each branch Kentucky Government, raises for secretaries or administrative assistants were not considered. She added that Personnel Cabinet has left some options open for the possibility of raises for other classifications specific to KYTC, if the Cabinet feels such actions are necessary.

Senator Higdon reiterated his position of changing Cabinet employees to working a 40 hour work week instead of a 37.5 hour work week. He added more employees might be able to be retained due to the extra hours per week and extra pay for those hours.

In response to a question asked by Representative McKee, Ms. Dunaway stated the target date for the raises to take effect is by the end of 2016 or beginning of 2017. Representative McKee requested more details to be forthcoming on the 800 employees who will not receive the raises.

Representative Mills stated he believes in a fair days work for a fair days pay and is excited about the raises for the employees. In response to a question asked by Representative Mills, Ms. Dunaway stated the annual cost of the raises including benefits is approximately \$31 million per year.

Senator Turner thanked the Cabinet and asked if there was an anticipation for the need for new trucks to be purchased. Ms. Dunaway stated there is not an anticipation that any new trucks will need to be purchased.

With no further business to come before the committee, Chairman Harris adjourned the meeting at 2:30 P.M.

INTERIM JOINT COMMITTEE ON NATURAL RESOURCES AND ENVIRONMENT

Minutes of the 6th Meeting of the 2016 Interim

November 3, 2016

Call to Order and Roll Call

The 6th meeting of the Interim Joint Committee on Natural Resources and Environment was held on Thursday, November 3, 2016, at 1:00 PM, in Room 149 of the Capitol Annex. Representative Fitz Steele, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Fitz Steele, Co-Chair; Senators C.B. Embry Jr., Chris Girdler, Ernie Harris, Paul Hornback, Ray S. Jones II, John Schickel, Brandon Smith, Johnny Ray Turner, Robin L. Webb, and Whitney Westerfield; Representatives Hubert Collins, Tim Couch, Daniel Elliott, Jim Gooch Jr., Chris Harris, Cluster Howard, Reginald Meeks, Lewis Nicholls, Marie Rader, John Short, Jim Stewart III, and Jill York.

Guests: Pete Goodman, Director, Division of Water.

LRC Staff: Tanya Monsanto, Stefan Kasacavage, and Marielle Manning.

Upon motion made by Representative Collins and seconded by Representative Howard, the October 6, 2016 minutes were approved by voice vote and without objection.

State of Clean Drinking Water in the Commonwealth

Pete Goodman, Director, Division of Water, provided a presentation on the state of clean drinking water in the Commonwealth. Drinking water is regulated by the United States Environmental Protection Agency under the Safe Drinking Water Act and most systems in Kentucky have a good record of compliance with providing safe, drinkable water from the 401 community public water systems. There are some problems with the age of drinking water systems and with compliance in removing disinfection byproducts. However, the Division of Water and the Kentucky Rural Water Association (KRWA) are working with public water systems to provide financial, managerial, and technical assistance.

In response to Senator Jones, Mr. Goodman stated that progress has been made in the Martin County water district. KRWA has addressed some of the more significant leaks, and estimates that water loss is down from about 60 percent to the high 30s. Mr. Goodman further explained that some federal grant money or low interest loans may be available to make the necessary improvements to the system. The Division of Water does not have the authority to take over the functions of local municipalities. Mr. Goodman stated there was a solid waste grant for Fishtrap Lake to deal with some litter programs.

Responding to Representative Meeks, Mr. Goodman explained that there were no water system data in the Shelbyville and Jefferson County areas on the map, because that information was not shared with the division due to public safety concerns. Regarding Lake Dreamland, Mr. Goodman said he would have to provide information regarding its progress to legislative staff in the future.

In response to Representative Collins, Mr. Goodman said that low-flow appliances have contributed to water conservation, which has caused water consumption to fall below projections made by water utilities. Mr. Goodman explained how disinfection of water lines was accomplished and how

looping back dead-end lines will help to eliminate unpleasant flavors and odors in lower-use water lines in rural counties. Mr. Goodman also stated the Kentucky Infrastructure Authority has a Clean Water State Revolving Loan Fund which provides a majority of the money used to finance water projects, such as the one in Johnson County. Mr. Goodman said that new water lines go through the "10 States Standards" engineering review process.

Responding to Representative Steele, Mr. Goodman was unsure if Victaulic lines would pass the 10 States Standards.

In response to Representative Nicholls, Mr. Goodman explained that surface water systems have more total organic carbon and the Division of Water works to optimize the removal of total organic carbon in the source water. The maximum contaminant level for trihalomethanes is 60 parts per million and for haloacetic acids it is 80 parts per million.

There being no further business, the meeting was adjourned. The documents distributed during the meeting are available in the LRC Library.

ADMINISTRATIVE REGULATION REVIEW SUBCOMMITTEE

Minutes of the November Meeting

November 7, 2016

Call to Order and Roll Call

The November meeting of the Administrative Regulation Review Subcommittee was held on Monday, November 7, 2016, at 1:00 PM, in Room 149 of the Capitol Annex. Representative Mary Lou Marzian, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Ernie Harris, Co-Chair; Representative Mary Lou Marzian, Co-Chair; Senators Julie Raque Adams, Perry B. Clark, and Alice Forgy Kerr; Representative Tommy Turner.

Guests: Sharron Burton, Department of Employee Insurance; Jeremy Branham, Jeanne Thompson, Gwen Pinson, Department of Revenue; Richard Carroll, Board of Accountancy, Cheryl Lalonde, Board of Pharmacy; Jonathan Buckley, Board of Licensure for Professional Engineers and Land Surveyors; Barry Dunn, Tommy Gift, Chad Miller, Dr. Tad Seifert, Boxing and Wrestling Commission; Amy Barker, Department of Corrections; Michael Kurt-singer, Ann Tyler Morgan, Fire Commission; Dave Mathies, Patrick Shirley, Education and Workforce Development Cabinet; Mike Pettit, Kristi Redmon, Michael Swansburg, Labor Cabinet; Stephen Humphress, Carol Beth Martin, Department of Alcoholic Beverage Control; Tim Cocanougher, Tim House, Steve Milby, David Moore, Housing, Buildings and Construction; Brian Thorpe, David Tretter, Amanda Valdiviero, Randy Vanhook, Kentucky Association of Master Contractors; Mary Sparrow, Child Support Enforcement Division.

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

The Administrative Regulation Review Subcommittee met on Monday, November 7, 2016, and submits this report:

Administrative Regulations Reviewed by the

Subcommittee:

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

101 KAR 2:210 & E. 2017 Plan year handbook for the public employee health insurance program. Sharron Burton, deputy executive director, Office of Legal Services, represented the office.

FINANCE AND ADMINISTRATION CABINET: Department of Revenue: Sales and Use Tax; Miscellaneous Retail Transactions

103 KAR 28:041. Repeal of 103 KAR 28:040. Jeremy Branham, tax policy analyst (sales tax); Jeanne Thompson, tax policy analyst (miscellaneous taxes); and Gwen Pinson, general counsel, represented the department.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO paragraph to correct citations; and (2) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph to clearly state the necessity for and function served by this administrative regulation, as required by KRS 13A.220. Without objection, and with agreement of the agency, the amendments were approved.

Selective Excise Tax; Cigarettes

103 KAR 41:021. Repeal of 103 KAR 41:020.

In response to a question by Co-Chair Harris, Ms. Thompson stated that, in the past, there was a tax-free cigarette program for hospitals. The only tax-free cigarette programs still in use were for the military, including veterans' facilities.

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.

Selective Excise Tax; Motor Vehicle Usage

103 KAR 44:131. Repeal of 103 KAR 44:130.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO and STATUTORY AUTHORITY paragraphs to correct citations; and (2) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph to clearly state the necessity for and function served by this administrative regulation, as required by KRS 13A.220. Without objection, and with agreement of the agency, the amendments were approved.

Office of the Secretary: Purchasing

200 KAR 5:355. Public-private partnership delivery method. Gwen Pinson, general counsel, represented the office.

In response to questions by Co-Chair Harris, Ms. Pinson stated that the program's authorizing statutes established a board to provide oversight for projects that met a certain cost threshold. Unsolicited proposals were first filed with the Department for Local Government to protect local governments and to assist local governments with making informed decisions. If the protections established by statute and by this administrative regulation were used in concert, local governments would have adequate oversight protection.

In response to questions by Senator Kerr, Ms. Pinson stated that the public-private partnership

conference in Lexington resulted in plenty of interest from the public. The public was probably waiting on this administrative regulation to become effective to enquire further. The office was in the process of developing a Web site to inform and educate the public regarding public-private partnership opportunities.

A motion was made and seconded to approve the following amendments: (1) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph to: (a) add a citation; and (b) make technical corrections; and (2) to amend Sections 2 and 4 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

GENERAL GOVERNMENT CABINET: Board of Accountancy: Board

201 KAR 1:015. Per diem compensation. Richard Carroll, executive director, represented the board.

201 KAR 1:065. Individual license renewal and fee.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO paragraph to correct a citation; (2) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Sections 1 and 3 to comply with the drafting and formatting requirements of KRS Chapter 13A; (3) to amend Section 1 to require payment of the fees charged by Kentucky.gov; (4) to delete Section 2 because the provisions were already established in 201 KAR 1:140, Section 2; (5) to amend Section 3 to correct the date for the late fee; and (6) to add a new Section 4 to clarify that a licensee who failed to complete the continuing professional education hours as required by 201 KAR 1:100 shall not use the online license renewal process, and shall instead comply with the license reinstatement requirements in 201 KAR 1:140, Section 3. Without objection, and with agreement of the agency, the amendments were approved.

201 KAR 1:100. Continuing professional education requirements.

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 Section 4 to clarify that medical and extreme hardship waivers shall be temporary; (3) to amend Section 7 to clarify that a licensee who misrepresented completion of hours at the time of renewal shall not be eligible for all of the types of waivers after being selected to participate in an audit; and (4) to amend Sections 4 through 7 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

Board of Pharmacy: Board

201 KAR 2:045. Technicians. Cheryl LaLonde, general counsel, represented the board.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO and STATUTORY AUTHORITY paragraphs to correct citations; (2) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph to clearly state the necessity for and function served by this administrative regulation, as required by KRS 13A.220; and (3) to amend Section 2 for clarity.

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

201 KAR 2:050. Licenses and permits; fees.

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

201 KAR 2:351. Repeal of 201 KAR 2:350.

Board of Licensure for Professional Engineers and Land Surveyors: Board

201 KAR 18:051. Repeal of 201 KAR 18:050. Jonathan Buckley, general counsel, represented the board.

PUBLIC PROTECTION CABINET: Boxing and Wrestling Commission: Commission

201 KAR 27:005. Definitions for 201 KAR Chapter 27. Barry Dunn, executive director; Tommy Gift, vice chair; Chad Miller, chair; and Dr. Tad Seifert, chair and member, Medical Advisory Panel, represented the commission.

In response to questions by Co-Chair Harris, Mr. Dunn stated that these administrative regulations consolidated and condensed requirements and forms incorporated by reference, while maintaining fighter health and safety as the highest priority. Medical components of these administrative regulations were revised in response to the 2001 tragic injuries to fighter Greg Page, whose injuries may have been prevented by appropriate medical provisions. The broadened inspector authority was necessary because the commission consisted of five (5) members but currently only four (4) members were appointed. It was not possible for a member of the commission to be at every event; therefore, inspectors needed to have authority to act immediately even if the commission representatives were not present at an event. There was a process to appeal to the full commission any decision of an inspector. Mr. Gift stated that the requirement that a licensee shall submit his or her license application to the commission no less than fifteen (15) calendar days prior to the applicant's first event was necessary to ensure safety of the fighters. There was a pre-bout and post-bout physical, but it was somewhat cursory.

In response to a question by Co-Chair Marzian, Dr. Seifert stated that drug spot-testing could detect THC, narcotics, and opioids.

In response to a question by Senator Clark, Dr. Seifert stated that alcohol use was also prohibited for a contestant or exhibitor during a contest or show.

201 KAR 27:007. Powers and duties of inspector.

201 KAR 27:008. License requirements and fees.

A motion was made and seconded to approve the following subcommittee amendments: to amend Section 7 to clarify that bouts or rounds considered to determine if an amateur qualifies for professional status, shall be sanctioned bouts or sanctioned rounds. Without objection, and with agreement of the agency, the amendments were approved.

201 KAR 27:011. General requirements for boxing and kickboxing shows.

A motion was made and seconded to approve

the following amendments: to amend Section 10 to make technical corrections. Without objection, and with agreement of the agency, the amendments were approved.

201 KAR 27:012. General requirements for wrestling shows.

201 KAR 27:016. General requirements for all mixed martial arts matches, shows, or exhibitions.

A motion was made and seconded to approve the following amendment: to amend Section 20 to make a technical correction. Without objection, and with agreement of the agency, the amendment was approved.

201 KAR 27:017. Requirements for elimination events.

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

201 KAR 27:020. Tickets.

201 KAR 27:021. Drug testing for boxing, kickboxing, mixed martial arts, and elimination event shows.

A motion was made and seconded to approve the following amendments: (1) to amend Section 3 to make a technical correction; (2) to amend the TITLE to add "wrestling"; and (3) to amend Section 7 to: (a) make technical corrections; and (b) include "cannabinoids" and "opioids" in the respective lists. Without objection, and with agreement of the agency, the amendments were approved.

201 KAR 27:036. Repeal of 201 KAR 27:035, 201 KAR 27:045, 201 KAR 27:050, 201 KAR 27:055, 201 KAR 27:060, 201 KAR 27:065, 201 KAR 27:070, 201 KAR 27:090, and 201 KAR 27:100.

201 KAR 27:040. Managers.

201 KAR 27:105. Disciplinary action.

A motion was made and seconded to approve the following amendment: to amend Section 2 to make a technical correction. Without objection, and with agreement of the agency, the amendment was approved.

JUSTICE AND PUBLIC SAFETY CABINET: Department of Corrections: Office of the Secretary

501 KAR 6:020. Corrections policies and procedures. Amy Barker, assistant general counsel, represented the department.

In response to a question by Co-Chair Harris, Ms. Barker stated that the \$7.50 fee for an inmate with a significant appearance change was to cover the cost to replace the identification locking device.

A motion was made and seconded to approve the following amendments: (1) to amend Section 1 and CPP 3.9, 6.2, 13.6, 13.13, 15.3, 15.6, and 25.6: (a) for clarity; (b) to correct citations; and (c) to make technical corrections; (2) to amend CPP 16.2, Inmate Correspondence, to clarify definitions and procedures used in prohibiting sexually explicit materials; and (3) to amend Section 1 to update the edition dates of the revised policies. Without objection, and with agreement of the agency, the amendments were approved.

501 KAR 6:999. Corrections secured policies and procedures.

This administrative regulation was reviewed an

amended, without objection and with agreement of the agency, by the Subcommittee in closed session pursuant to KRS 61.810(1)(k), 61.815(2), and 197.025(6).

COMMUNITY AND TECHNICAL COLLEGE SYSTEM: Fire Commission: Commission on Fire Protection Personnel Standards and Education

739 KAR 2:040. Survivor benefits for death of a firefighter. Michael Kurtsinger, division director, and Anne – Tyler Morgan, attorney, represented the commission.

A motion was made and seconded to approve the following amendments: (1) to amend the STATUTORY AUTHORITY paragraph to correct a citation; (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 1 to clarify definitions, including deleting requirements already established by statute; (4) to amend Sections 1, 2, 3, and 7 to comply with the drafting and formatting requirements of KRS Chapter 13A; (5) to delete Sections 5 and 6, which included provisions already established by statute; (6) to correct the REGULATORY IMPACT ANALYSIS AND TIER-ING STATEMENT and the FISCAL NOTE ON STATE OR LOCAL GOVERNMENT; and (7) to revise a form incorporated by reference commensurate with changes to this administrative regulation. Without objection, and with agreement of the agency, the amendments were approved.

EDUCATION AND WORKFORCE DEVELOPMENT CABINET: Department of Workforce Investment: Office of Assistive Technology: Kentucky Assistive Technology Loan Corporation

789 KAR 1:010. General eligibility criteria for assistive technology loans. Dave Mathies, branch manager, and Patrick Shirley, staff attorney, represented the office.

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

LABOR CABINET: Department of Workforce Standards: Division of Safety and Health Compliance: Division of Occupational Safety and Health Education and Training: Occupational Safety and Health

803 KAR 2:412. Fall protection. Mike Pettit, occupational safety and health standards specialist; Kristi Redmon, occupational safety and health standards specialist; and Michael Swansburg, general counsel, represented the division.

In response to a question by Senator Kerr, Mr. Pettit stated that a slide guard was a device used by roofers to prevent sliding off of a roof. Standards had been updated to require fall protection, rather than a slide guard.

In response to a question by Co-Chair Harris, Mr. Pettit stated that fall protection consisted of either a harness or guardrails.

A motion was made and seconded to approve the following amendments: (1) to amend Section 1 to delete two (2) superfluous definitions; and (2) to amend Sections 1 and 5 to comply with the drafting and formatting requirements of KRS Chapter 13A.

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

PUBLIC PROTECTION CABINET: Department of Alcoholic Beverage Control: Malt Beverage Equipment, Supplies, and Service

804 KAR 11:010 & E. Equipment and supplies. Stephen Humphress, general counsel, and Carol Beth Martin, malt beverage administrator, represented the department.

Department of Housing, Buildings and Construction: Division of Plumbing: Plumbing

815 KAR 20:010. Definitions for 815 KAR Chapter 20. Tim Cocanougher, general counsel; Tim House, deputy commissioner; Steve Milby, commissioner; and David Moore, division director, represented the division.

In response to a question by Co-Chair Marzian, Mr. House stated that the previous version of 815 KAR 20:060 and 815 KAR 20:130 authorized PVC and ABS plumbing fixtures in buildings under seventy-five (75) feet. This version authorized PVC and ABS plumbing fixtures in buildings seventy-five (75) feet or taller, if firestopping was used and if the installation was inspected by an independent third party.

In response to questions by Co-Chair Harris, Mr. House stated that cast iron was also still authorized for use; the PVC and ABS plumbing fixtures were an optional alternative. If cast iron plumbing fixtures were used, firestopping consisted of fire caulk. If PVC or ABS plumbing fixtures were used, a fire-stopping collar that expands under heat was required. Only one (1) state and a few city ordinances prohibited PVC or ABS plumbing fixtures in similar buildings. The firestopping technology had been proven effective.

A motion was made and seconded to approve the following amendments: to amend Section 1 to make technical corrections. Without objection, and with agreement of the agency, the amendments were approved.

815 KAR 20:060. Quality and weight of materials.

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

CABINET FOR HEALTH AND FAMILY SERVICES: Department for Income Support: Child Support Enforcement: Family Support

921 KAR 1:410. Child support collection and enforcement. Mary Sparrow, internal policy analyst, represented the department.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO and STATUTORY AUTHORITY paragraphs to correct citations; and (2) to amend Section 4 to make a technical correction. Without objection, and with agreement of the agency, the amendments were approved.

The following administrative regulations were deferred to the December 13, 2016, meeting of the Subcommittee:

GENERAL GOVERNMENT CABINET: Board of Durable Medical Equipment Suppliers: Board

201 KAR 47:010 & E. Home medical equipment and supplier licenses, requirements, and fees.

201 KAR 47:020 & E. Inspections, discipline, reinstatement, and administrative appeals.

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

301 KAR 2:049. Small game and furbearer hunting and trapping on public areas.

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

EDUCATION AND WORKFORCE DEVELOPMENT CABINET: Board of Education: Department of Education: School Administration and Finance

702 KAR 3:171. Repeal of 702 KAR 3:170.

Instructional Programs

705 KAR 4:231. General program standards for secondary career and technical education programs.

Instructional Programs

780 KAR 4:012. Repeal of 780 KAR 4:010.

The Subcommittee adjourned at 1:55 p.m. until December 13, 2016, at 1 p.m.

INTERIM JOINT COMMITTEE ON AGRICULTURE

Minutes of the 6th Meeting of the 2016 Interim November 9, 2016

Call to Order and Roll Call

The 6th meeting of the Interim Joint Committee on Agriculture was held on Wednesday, November 9, 2016, at 1:00 PM, in Room 171 of the Capitol Annex. Senator Paul Hornback, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Paul Hornback, Co-Chair; Representative Tom McKee, Co-Chair; Senators C.B. Embry Jr., Chris Girdler, David P. Givens, Stan Humphries, Dennis Parrett, Dorsey Ridley, Damon Thayer, Robin L. Webb, Stephen West, and Whitney Westerfield; Representatives Lynn Bechler, Denver Butler, Mike Denham, Derrick Graham, Richard Heath, James Kay, Kim King, Michael Meredith, Suzanne Miles, Tom Riner, Bart Rowland, Steven Rudy, Dean Schamore, Wilson Stone, James Tipton, Tommy Turner, and Susan Westrom.

Guests: Dr. William Snell, University of Kentucky, Jerry Pierce, Kentucky Farm Business Management Program, Mark Haney, Kentucky Farm Bureau, Dave Maples, Kentucky Cattlemen's Association, and Commissioner Ryan Quarles, Kentucky Department of Agriculture.

LRC Staff: Lowell Atchley, Kelly Ludwig, Marielle Manning, and Susan Spoonamore, Committee Assistant.

The October 7, 2016, minutes were approved by voice vote upon motion made by Representative Stone and second by Senator Thayer.

Reports from Subcommittee on Horse Farming and Subcommittee on Rural Issues

The Subcommittee on Horse Farming report was approved by voice vote upon motion made by Representative Turner and seconded by Senator West.

In response to Chairman Hornback, Representative Kay stated that there is a high legal standard and burden of being able to declare horses as abandoned.

The Subcommittee Report on Rural Issues was approved by voice vote upon motion made by Senator Humphries and seconded by Representative Denham.

Agriculture Economic Outlook

Dr. Will Snell, Agricultural Economics,

University of Kentucky, discussed the economic outlook for agriculture. He said agriculture has global connections which can impact U.S. agriculture depending on climate and political conditions. He said that the agriculture sector is slow to adjust to changes which has slowed down the industry. Dr. Snell said The United States Department of Agriculture (USDA) estimates that the national net farm income will be down approximately 10 percent for the year and 40 percent less compared to a couple of years ago. He said that some farm expenses are lower such as interest and feed costs. Dr. Snell said that exports are also falling but should improve next year. He said that in 2015 Kentucky agriculture cash receipts fell to \$5.8 billion. In looking at 2016, he predicted Kentucky agriculture cash receipts could fall to \$5.5 billion. Future issues facing agriculture are competition and concentration in the markets as well as the political fallout pertaining to increasing interest rates. Kentucky agriculture is in the middle of a downward cycle, but it should slowly rebound. Dr. Snell noted that the one positive that affects everyone is the price of food. Food prices are deflated, which benefits consumers.

In response to Representative McKee, Dr. Snell said tobacco is a supply driven market and cigarette consumption continues to fall. Some of the buyers have set up a buying station looking for good quality tobacco.

In response to Senator Parrett, Dr. Snell said that there are some situations with a lot of concentration of beef cattle. One of the issues driving the beef cattle market down is the low prices of protein products such as poultry and pork.

In response to Chairman Hornback, Dr. Snell agreed that in the 1990s, a total of 37 cents out of a dollar was returned to the farmer and now a farmer receives 17 cents out of a dollar. He said that consumers eat out more, like convenience packaging, and marketing costs have eaten into the farm value. Americans now spend less than 10 percent of their income on food.

Jerry Pierce, Program Coordinator, Kentucky Farm Business Management Program, discussed commercial grain farms. He said grain is the bread and butter for agriculture. In 2013, Mr. Pierce stated that the average net income for a grain farmer was \$544,000. Toward the end of 2013 the market had dropped to \$173,000. For 2016, projections look to be around \$110,000. For grain farmers in particular, the net farm income loss is projected to be 20 percent. Farmers are trying to make adjustments to their expenses but the income is falling faster than the expenses. The next step for some grain farmers would be to restructure their debt load, lower their costs, find other ways of increasing income, or look for another lender. Mr. Pierce said that for the average grain farmer, they might be able to make it one more year unless prices increase.

In response to Chairman Hornback, Mr. Pierce said that the investment in equipment at the beginning of 2015 was \$1.4 million and the prediction is that it will decline to \$1.3 million. Investments are going down because farmers are not purchasing equipment or the equipment is depreciating. Mr. Pierce agreed that before 2015, the value of equipment was high.

Now the equipment has devalued by 20 to 30 percent in a year's time because of the decrease in commodity prices. Farmers are hanging on to their equipment for longer periods of time.

Representative Denham said that in his area farmers are past refinancing and are starting to sell off parts of their farm. Once that farmland is sold, more than likely it won't be put back into production.

In response to Representative Denham, Mr. Pierce said that he has not seen that happening yet. Although some of the farmers they work with have decided to retire.

In response to Representative Tipton, Mr. Pierce said that the program works with approximately 400 farmers. He said 335 farms are identified as single units or operations. The average age of the farmers participating is younger than the national average.

Legislative Issues for 2017 Regular Session

Mr. Mark Haney, President, Mr. David Beck, Executive Vice President, and Mr. Jeff Harper, Legislative Affairs, Kentucky Farm Bureau (KFB), appeared before the committee. Mr. Haney said that KFB will be focusing on and gathering information regarding the 2017 Farm Bill. KFB's legislative agenda would be ready around the first week of December. The most common issue among KFB members was how Kentucky manages wildlife such as deer, turkey, black bears, elk and other animals. KFB Insurance spends approximately \$25 million annually on animal strikes and that number is on the rise for 2016. If tax reform is discussed during the 2017 Regular Session, KFB would be willing to work on issues regarding tax reform based on sound economic principles. Kentucky Farm Bureau has strong opinions on agriculture sales tax and exemptions and also the way agriculture real estate is taxed. KFB would also like for the 22.2 percent tax allocation for rural roads to continue.

In response to Representative McKee, Mr. Haney stated that an educational element is probably warranted to help explain the purpose of HB 44, enacted in a 1979 Special Session. Kentucky Farm Bureau has the ability to communicate the information to its members, he said.

In response to Representative McKee, Mr. Haney stated that more work is needed on the nuisance wildlife bill. There is an issue with black bear destroying personal property, and beehives can devastate an orchard business.

In response to Representative Stone, Mr. Haney stated that Kentucky Farm Bureau has approximately 475,988 members. There are about 71,000 farmer members. KFB has the fourth largest membership in the nation.

Representative Turner stated that one problem with the increasing bear population is the fact that there is a lot of land that has been leased to out-of-state people. The lessees refuse to let anyone hunt on the property which includes bear hunting. Therefore, the bear population is growing and they are causing more and more problems for surrounding landowners. He recommended that new laws or regulations be instituted to help solve the issues, especially to help the Kentucky Department of Fish and Wildlife enforce and control the increasing bear population.

Senator Webb agreed, stating that obtaining

access to some properties in order to hunt and manage the bear population is a real problem in the northeastern part of the state.

Mr. Dave Maples, Kentucky Cattlemen's Association, discussed concerns regarding the purchasing of veterinarian products locally, an apparent reference to the assessment of sales taxes. He decided to order products on-line because the prices were cheaper. As an example of falling cattle prices, he noted that in June of 2015 he sold 10 head weighing around 644 pounds for \$1,592.62 per animal, and this past June, he sold 10 head and received \$995.00 per animal. That is a major money difference for farmers which will negatively impact the farmer, the community and the state, according to Mr. Maples.

In response to Senator West, Mr. Maples stated that the Chicago Board of Trade eliminated the "pit" and changed over to electronic high frequency trading. There are some harsh feelings that the change-over was responsible for the falling beef cattle prices. Several farmers met with some of Kentucky's congressional members and it turned out to be a very positive meeting that brought about some changes to the Chicago Mercantile Exchange. There are several other meetings scheduled to discuss the concentration of packers and other issues facing the beef industry.

In response to Representative Tipton, Mr. Maples stated the import of Brazilian beef had not been the cause of the downturn in the market but exports from Australia and New Zealand made more a difference.

Commissioner Ryan Quarles, Kentucky Department of Agriculture, said that tobacco took a beating this year, grain yields were down, and there could be a hay shortage. It is important for farm groups to start a conversation regarding issues for the 2018 Farm Bill. Kentucky will be playing a role in the structure of the Farm Bill. The department was tackling technical issues particularly with China regarding the horse industry. The department is looking at what it can do at the state level with entering emerging markets in Europe, the Pacific Rim, and Cuba.

The Kentucky Proud Program recently submitted its application to the Agricultural Development Board for funding consideration. Commissioner Quarles stated that the department, along with the Farm Bureau and Farm Service Agency, will be hosting a Young Farmer's Summit in Louisville in the following week.

As to legislative issues, Commissioner Quarles discussed making changes to the current language of the hemp statutes in order to realign Kentucky statutes with the new federal requirements. The department also has plans to make revisions to the amusement rides statutes. The commissioner stated that the department is looking to make some revisions to enforcement and collection of fines. The Task Force on the Hunger Initiative had been working on developing statewide policy goals. When legislators are ready to take up tax reform, the department will be willing to work with the General Assembly on tax issues pertaining to the farming community. The poultry industry is continuing to grow, and growth should bring in \$2 billion annual revenue to the

Commonwealth.

There being no further business, the meeting was adjourned.

INTERIM JOINT COMMITTEE ON AGRICULTURE

Subcommittee on Rural Issues

Minutes of the 1st Meeting of the 2016 Interim

November 9, 2016

Call to Order and Roll Call

The 1st meeting of the Subcommittee on Rural Issues of the Interim Joint Committee on Agriculture was held on Wednesday, November 9, 2016, at 10:00 AM, in Room 131 of the Capitol Annex. Representative Mike Denham, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Stan Humphries, Co-Chair; Representative Mike Denham, Co-Chair; Senators C.B. Embry Jr., Chris Girdler, David P. Givens, Paul Hornback, Dorsey Ridley, and Whitney Westerfield; Representatives Will Coursey, Myron Dossett, Jim Glenn, David Hale, Richard Heath, Kim King, Tom McKee, Suzanne Miles, Terry Mills, Bart Rowland, Steven Rudy, Dean Schamore, Jeff Taylor, Tommy Thompson, and Tommy Turner.

Guests: Mandy Lambert, Commissioner, Department for Business Development, Kentucky Cabinet for Economic Development, John Bevington, Deputy Commissioner, Department for Business Development, Kentucky Cabinet for Economic Development, Caroline Baesler, General Counsel, Kentucky Cabinet for Economic Development, Robin Cooper, Chief Member Services Officer, Kentucky League of Cities, and Tad Long, Community Development Manager, Kentucky League of Cities.

LRC Staff: Kelly Ludwig and Susan Spoonamore.

Economic Development in Rural Kentucky

Mandy Lambert, Commissioner, Department for Business Development, Kentucky Cabinet for Economic Development and John Bevington, Deputy Commissioner, Department for Business Development, Kentucky Cabinet for Economic Development discussed economic development efforts in rural Kentucky. Ms. Lambert explained that 158 location and expansion projects and 13,203 new jobs were announced in 2016. Members learned that top jobs in rural Kentucky include jobs in the food and beverage industry, business and financial services, and automotive industries. Ms. Lambert stated that \$339.5 million had been invested in the food and beverage industry and \$310.6 million had been invested in the automotive industry. Ms. Lambert explained the impact of foreign direct investment on rural Kentucky. As of October, 35 percent of Kentucky's announced investment, 25 percent of Kentucky's announced new locations and expansions and 23 percent of Kentucky's announced new jobs has come from foreign direct investment. Thirty-four nations have facilities in Kentucky.

Mr. Bevington updated the members on the Select Kentucky Build Ready Program. Select Kentucky is a valuable tool for prospective clients and existing industry and is used by 65 different

countries on six continents. About \$100 million is available through the Kentucky Work Ready Skills Initiative. Over \$500 million in pre-applications have been received, and 114 pre-applications have been received. It is anticipated the committee will make final decisions in November. The Kentucky Federation for Advanced Manufacturing Education (KY FAME) was developed to address the need for advanced manufacturing careers with Kentucky manufacturers. KY FAME is a dual-track, apprentice-style training in which students attend classes up to 10 hours a week and work 24 hours a week. There are more than 341,100 small business establishments in Kentucky that employ approximately 700,000 Kentuckians. Mr. Bevington stated that 96.5 percent of businesses in Kentucky are small businesses.

In response to Senator Givens, Mr. Bevington explained the Cabinet for Economic Development serves as an advisor in the Work Ready Skills Initiative. Mr. Bevington explained that it is anticipated that 80 percent of the \$100 million in funding will be approved in the 1st round of applications. The remaining funding will be held for a second round of funding applications. Ms. Caroline Baesler stated that good, quality projects must be approved and the intent is not to just spend the funding.

In response to Representative Denham, Ms. Lambert stated the difficulty in finding a drug free workforce is not only a Kentucky problem but a national problem. Industry wants to get involved in addressing the issue.

Overview of Economic Development Efforts in Rural Kentucky

Robin Cooper, Chief Member Services Officer, Kentucky League of Cities and Tad Long, Community Development Manager, Kentucky League of Cities (KLC), provided an overview of economic development efforts in rural Kentucky. Mr. Cooper stated KLC represents 370 cities throughout Kentucky. Of that, 291 have a population of 5,000 or less. KLC offers its members a variety of services, including legislative and advocacy services, community consulting services, grant writing assistance, financial assistance for capital projects, legal services, and training programs.

Mr. Long explained how KLC works with small cities to have similar benefits of that of larger cities. KLC partners with the Kentucky Cabinet for Economic Development to educate mayors and other city officials on ways to build stronger communities. KLC assists cities to expand small business, grow local economy and increase industry, service and tourism opportunities. KLC will focus on a legislative agenda that reflects issues that mayors feel is important to the betterment of their cities. Critical issues include infrastructure, broadband services and financial partnerships.

In response to Representative Denham, Mr. Long stated KLC partners with Kentucky Association of Counties (KACo). Mr. Cooper added KLC assists with bonds.

In response to Senator Givens, Mr. Cooper and Mr. Long explained that it is part of KLC' mission to reach out to communities and to travel to rural areas to offer services to members. Some small cities find its attributes to be tourism due to a lack of manufacturing

opportunities. KLC works to create a better livability for residents.

There being no further business, the meeting was adjourned.

INTERIM JOINT COMMITTEE ON AGRICULTURE

Subcommittee on Horse Farming Minutes of the 1st Meeting of the 2016 Interim

November 9, 2016

Call to Order and Roll Call

The 1st meeting of the Subcommittee on Horse Farming of the Interim Joint Committee on Agriculture was held on Wednesday, November 9, 2016, at 10:00 AM, in Room 129 of the Capitol Annex. Senator Stephen West, Co-Chair, and Representative James Kay, Co-Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Stephen West, Co-Chair; Representative James Kay, Co-Chair; Senators Damon Thayer, and Robin L. Webb; Representatives Lynn Bechler, Kelly Flood, Derrick Graham, Michael Meredith, Tom Riner, Rita Smart, Wilson Stone, and James Tipton.

Guests: Marc Guilfoil, Executive Director, Kentucky Horse Racing Commission; Jamie Eads, Division of Incentives and Development, Kentucky Horse Racing Commission; Dr. Robert Stout, State Veterinarian; Rusty Ford, Equine Programs Manager, Kentucky Department of Agriculture; and Ted Dean, Mercer County Attorney.

LRC Staff: Lowell Atchley, Tanya Monsanto, and Marielle Manning.

Breeders' Incentive Funds Program

Mr. Marc Guilfoil, Executive Director, and Ms. Jamie Eads, Division of Incentives and Development, Kentucky Horse Racing Commission (KHRC), provided an update on commission equine activities and reported on the Breeders' Incentive Funds Program. Thoroughbred, standardbred, and non-race breed programs make up the Kentucky Breeders' Incentive Funds Program. For thoroughbreds, 80 percent of sales tax is collected when breeding a stallion to a mare in Kentucky. Standardbreds bring 13 percent sales tax and non-race breeds collect seven percent sales tax when breeding a stallion to a mare in Kentucky. Kentucky Horse Racing Commission officials answered questions from committee members.

Senator Thayer commented on the economic benefit derived by the Breeders' Incentive Funds Program in Kentucky.

In response to Senator West, KHRC representatives explained that three stallions have recently returned to Kentucky from Florida to continue breeding. Purses were listed as one of the most important issues to address in Kentucky, as good purses bring good quality horses.

Responding to Representative Belcher, KHRC representatives listed the 11 participating Kentucky affiliates for Period IV and their respected numbers of registered horses. There is no Kentucky affiliate that represents the Draft horse, however,

every three years an organization can seek the ability to become a member organization.

In response to Representative Flood, only harness racing has been meeting its goals from pari-mutuel wagering money.

Responding to Representative Tipton, Mr. Guilfoil explained that the litigation regarding historical racing is ongoing at the circuit court level.

In response to Senator Thayer, KHRC officials stated that the Kentucky Miniature Horse Breeders Club is similar to the Thoroughbred program in that points can be earned anywhere, even internationally.

Horse Abandonment Issues

Dr. Robert Stout, State Veterinarian, Mr. Rusty Ford, Equine Programs Manager, Kentucky Department of Agriculture (KDA), and Mr. Ted Dean, Mercer County Attorney, discussed horse abandonment issues and dealing with people who abandon or leave their horses without proper care. The presentation centered on a highly publicized horse abandonment investigation that occurred during the summer in Mercer County. The State Veterinarian, KDA representative, and Mercer County Attorney answered questions.

Responding to a question from Senator Webb regarding the Mercer County case, Mr. Ted Dean stated that owners of six of the horses asserted a viable claim and the horses were ultimately returned to their owners. Mr. Dean stated that felonization would be useful in this particular case because the defendants are out of state.

In response to Senator Thayer, Mr. Rusty Ford stated that while the Mercer County case was an embarrassment, the industry handled it well.

Responding to Senator West, Mr. Ted Dean explained that giving the option to the judge to order forfeiture of the animals could help similar situations in the future.

In response to Representative Smart, Mr. Rusty Ford stated that there is no single reason as to why people abandon their horses. Some reasons listed were ignorance, apathy, disability, mental illness, decreased income, "hoarder" syndrome, over population, closing of equine slaughter markets, and malice.

Responding to Representative Riner, Dr. Robert Stout stated that the investigators beginning salary is around \$30,000 and can increase to around \$45,000.

The committee observed a moment of silence for the late George "Bucky" Sallee, Keeneland's longtime bugler.

There being no further business, the meeting was adjourned. Documents distributed during the meeting are available with meeting materials in the LRC Library.

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

Minutes of the 6th Meeting of the 2016 Interim

November 10, 2016

Call to Order and Roll Call

The 6th meeting of the Interim Joint Committee on Veterans, Military Affairs, and Public Protection was held on Thursday, November 10, 2016, at 1:00 PM,

in Room 154 of the Capitol Annex. Representative Dean Schamore, Vice Chair of the House Veterans, Military Affairs, and Public Safety, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Dean Schamore; Senators C.B. Embry Jr., Carroll Gibson, Ernie Harris, Christian McDaniel, Gerald A. Neal, Dennis Parrett, Whitney Westerfield, and Max Wise; Representatives Linda Belcher, Regina Bunch, Tom Burch, Larry Clark, Leslie Combs, Ron Crimm, Myron Dossett, David Hale, Kenny Imes, James Kay, Donna Mayfield, David Meade, Tom Riner, Jeff Taylor, and Russell Webber.

Guests: Chell Austin, Executive Director, Alex Nauert, Veteran Outreach Coordinator, Zack Scoskie, Veteran, Diane Schirmer, Patty Jackson, Brain Injury Alliance of Kentucky (BIAK); Debbie McGrath Executive Director, Epilepsy Foundation of Kentuckiana; Commander Richard Quire, Chairman, Carlos Pugh, Legislative Liaison, Denzil Lile, Bobbie Smith, Michael Whitfield, and Jack Mattingly, Joint Executive Council of Veterans Organizations (JECVO); Mike Sunseri, Kentucky Office of Homeland Security (KOHS).

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

A motion was made by Representative Combs and seconded by Representative Kay to approve the October 13, 2016, meeting minutes. The motion carried with a voice vote.

Brain Injury Alliance of Kentucky (BIAK)

Chell Austin, Executive Director, explained the organization's mission. The BIAK military outreach program works independently and with other veteran service agencies to actively seek out veterans and their family members affected by military traumatic brain injury (TBI) and connect them to the resources they need in order to maximize their recovery and future success.

Alex Nauert, Veteran Outreach Coordinator, described BIAK's early efforts which began in 2006. Brain injury is the signature wound of the Global War on Terror. Many TBIs were being misdiagnosed or ignored. Some did not recognize the significance of an injury if they didn't lose consciousness, some would deny issues to return home sooner, issues would surface later in anger, impulsivity, and headaches and many other ways.

Mr. Nauert explained that BIAK received a grant from the Commonwealth in 2010. The KYANG asked BIAK to seek and serve those with mild TBI. Their biggest challenges are letting veterans know there are services available to them and veterans who are in denial of their injuries. Many veterans with a mild TBI returned home and attempted to resume their life, unfortunately issues arose at home, work, or school. Many veterans want to avoid the stigma of having a brain injury.

Mr. Nauert explained the differences between TBI and PTSD. These conditions have co-occurring symptoms. Veterans with TBI suffer from physical, cognitive and emotional issues, impulsive control disorders, substance abuse, family disorders, and unemployment.

Not all veterans qualify for VA services, but BIAK

helps those who do qualify and those that do not. There were more military deaths by suicide than in combat in 2012. At least 300,000 veterans of the wars in Iraq and Afghanistan have been diagnosed with PTSD, and those who also have TBIs may experience an increase in suicidal thoughts and behavior. BIAK is working with veterans organizations, reaching out to schools/colleges, getting information to community based outreach clinics, and training service officers about brain injury. BIAK is advocating for veterans issues by helping veterans get VA recertification of TBI, compensation and pension for service connected injuries, polytrauma clinic screenings for TBI, medical appointments, qualifications for assistance in state colleges, and resources for short or long term care.

Mr. Nauert discussed BIAK's current efforts which include assisting over 140 veterans in Kentucky to find needed resources this year. They have updated the resource journal and have distributed them all over the state. Social media and veterans' events are key to seeking out veterans with TBI and getting them out doing things such as sporting events in a civilian world. They also assist with resiliency.

Mr. Nauert discussed the future efforts of BIAK. The program will conduct seminars around the Commonwealth partnering with: the Epilepsy Foundation, KDVA and local governments as part of the homeless veterans' initiative, the VA on TBI re-evaluations, law enforcement on crisis intervention team training, state universities, and state agencies and veteran organizations for social events.

Zach Scoskie, USMC veteran and TBI survivor, gave a brief testimony about how BIAK has been beneficial to him. Mr. Scoskie stated that he was in the U.S. Marine Corps from July 2004 to July 2011. He explained that on October 5th, 2010, in Afghanistan, he developed a TBI. Since then he has received his bachelor's degree from the University of Louisville and is pursuing his master's degree, and that he is a veteran farmer.

Epilepsy Foundation of Kentuckiana (EFK)

Debbie McGrath, Executive Director, gave a PowerPoint Presentation on EFK and their Operation Outreach to veterans who develop seizures due to TBI or PTSD. She explained the difficulty for one person to meet over 300,000 veterans in person. In 2013 the program realized the need to use the mass media to help spread the word of their services. Operation Outreach was able to get on Kentucky's airways and raise awareness about Post Traumatic Epilepsy. The foundation now has broadcast media coverage on many TV channels as well as print media to send a strong message presence. Operation Outreach also has an internet and Facebook presence.

She discussed the Kentucky Veterans of the Year gala that is operated solely from corporate donations and ticket sales. No grant money is used for this program. There is one female and one male awarded Kentucky Veteran of the Year.

Joint Executive Council of Veterans Organizations (JECVO)

Carlos Pugh, Legislative Liaison, Commander Richard Quire, Chairman, and Denzel Lile, Vice Chairman, elected in October for their positions, provided an update on their organization and issues

going forward.

Commander Quire stated that JECVO serves 330,000 veterans and their families in the state. There are 27 service organizations across the Commonwealth that are a part of JECVO. JECVO is independent of KDMA and the KDVA but they work closely with them. 2017 will be the 50th anniversary of JECVO's services. JECVO utilizes a monthly newsletter, Facebook, and Twitter.

Mr. Pugh expounded upon two of the legislative priorities of 2016: (1) fully funding the KDVA's budget, and (2) changing the Governor's Advisory Board membership to having two of seven members chosen by JECVO. JECVO is looking forward to the 2017 General Assembly's legislative session and will be hosting a 50th year anniversary celebration and discussing its 2017 legislative priorities at their annual dinner. JECVO will advise members of the date and time.

There being no further business, the meeting was adjourned.

INTERIM JOINT COMMITTEE ON EDUCATION

Minutes of the 6th Meeting of the 2016 Interim

November 14, 2016

Call to Order and Roll Call

The 6th meeting of the Interim Joint Committee on Education was held on Monday, November 14, 2016, at 1:00 PM, in Room 154 of the Capitol Annex. Senator Mike Wilson, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Mike Wilson, Co-Chair; Representative Derrick Graham, Co-Chair; Senators Julie Raque Adams, Jared Carpenter, Danny Carroll, Jimmy Higdon, Alice Forgy Kerr, Gerald A. Neal, Reginald Thomas, Johnny Ray Turner, Stephen West, and Max Wise; Representatives Linda Belcher, George Brown Jr., Regina Bunch, Hubert Collins, Leslie Combs, Jim DeCesare, Jeffery Donohue, Kelly Flood, Cluster Howard, James Kay, Brian Linder, Mary Lou Marzian, Reginald Meeks, Charles Miller, Ruth Ann Palumbo, Marie Rader, Tom Riner, Sal Santoro, Rita Smart, Wilson Stone, Addia Wuchner, and Jill York.

Guests: Eric Kennedy, KSBA; Erin Klarer, KHEAA; and Wayne Young, KASA.

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

Approval of minutes

On motion by Representative Collins and second by Representative Graham, the minutes of the September 12, 2016, meeting were adopted by voice vote.

On motion by Representative Belcher and second by Representative Donahue, the minutes of the October 10, 2016, meeting were adopted by voice vote.

Report of Subcommittee on Elementary and Secondary Education

Chairman Stone reported the Subcommittee on Elementary and Secondary Education heard presentations from parents and teachers of exceptional students.

Staff from Kentucky Youth Advocates and parents of special needs students explained problems associated with the current testing program and how decisions made in ARC meetings impact the lives of special needs students throughout their entire school career. Presenters offered suggestions on how to make special education programs more transparent, consistent, and accountable. The second presentation was made by a special education teacher who is also the parent of a dyslexic child who shared the difficulties these children face on a daily basis. She said dyslexia is not an area discussed in any pre-service college courses, although teachers should be introduced to specific strategies to work with dyslexic children.

Report of Subcommittee on Postsecondary Education

Chairman Howard reported the Subcommittee on Postsecondary Education heard a presentation regarding campus safety at Kentucky's public universities. Robert King, President, Council on Postsecondary Education, said that the Michael Minger Act and the federal Clery Act both require postsecondary institutions to disclose criminal activity and issue notices of emergency situations. These Acts have helped ensure the safety of postsecondary staff and students and have made safety a priority on university campuses. Staff from Eastern Kentucky University explained the organization of the university's safety and security departments and pointed out the necessity of teamwork with both on and off campus resources and the need to do what is reasonable and prudent in order to keep students and faculty safe. Representatives from Western Kentucky University (WKU) discussed Title IX Compliance and Sexual Assault. WKU reported 13 incidents of sexual assault during the current semester, and the majority of instances involved intoxication. The committee watched videos used by WKU staff when training students regarding sexual assault, consent, and an active shooter incident. Kentucky Community and Technical College System (KCTCS) explained their approach to safety and security on more than 70 of their campuses. KCTCS has a Director of Operations and Emergency Services position responsible for safety oversight of all campuses and each campus is responsible for their own security personnel. KCTCS is also improving their security notification system by making notifications available on mobile devices.

New Orleans Recovery School District

Chairman Wilson introduced Dana Peterson, Deputy Superintendent of External Affairs, Recovery School District (RSD). RSD is a special district of the Louisiana Department of Education (LDE) charged with an unprecedented challenge and opportunity to tackle and transform chronically underperforming schools. As a member of the superintendent's executive team, Mr. Peterson is tasked with crafting strategies for parent and stakeholder engagement and developing effective communication strategies for key RSD policies and initiatives.

Mr. Peterson discussed Louisiana's experience with charter schools, assisting struggling schools, and improving student outcomes after approval by the Louisiana legislature in 2003. Although significant

progress has been made, more improvement is needed.

Mr. Peterson attributes progress to New Orleans being the first city in which 90 percent of public school students attend a public charter school and work hand-in-hand with high-quality, independent, mission-driven, non-profit organizations for improving struggling schools. The schools were given standards of expected progress and accountability measures to ensure improved student performance. Also provided are core functions and services to ensure equal and fair access to all public schools. New Orleans fostered and developed new programs to meet the needs of students in special subgroups not being adequately served. As envisioned, the school district successfully serves a different purpose than manager of day-to-day operations of schools. In New Orleans, RSD has oversight of 49 autonomous charter schools and works closely with the local school districts, which also run 22 charter schools of their own.

Prior to 2005 and Hurricane Katrina, more than two-thirds of students attended failing schools. Today, 81 percent of New Orleans students attend schools that are not labeled as failing, and two-thirds of students attend schools that are rated A, B, or C by the state accountability system.

In 2005, approximately 125 schools in New Orleans served 65,000 public school students. The newly created RSD managed five chronically underperforming schools who consistently fell below the state's acceptable level for four consecutive years. After Hurricane Katrina, more than two-thirds of schools in New Orleans were placed into the RSD. The first few years were spent getting the system up and running as students and families were returning to the city. Today 30,000 children attend public schools within the RSD in New Orleans and 45,000 public school students attend either a RSD charter school, a local Parish school, a district charter school, or a Type 2 charter school.

Gains are attributed to the strategic use of charter schools by placing the curriculum, staff, budgets, expenditures, and other pertinent decisions in the hands of individuals closest to students. In exchange for the autonomy and the enormous amount of responsibility, the RSD and local school districts hold schools accountable through a performance contract. When a contract is eligible for renewal, the performance is assessed to determine if objectives have been met. If the terms of the contracts are achieved, the schools get renewal contracts; however, if the terms are not met, those school managers will be replaced with other school operators.

Mr. Peterson said the key leverage in the New Orleans system is the amount of authority given to under-performing schools to determine an improvement plan and the authority to assign charter school operators control using proper management. He said another option is to start new schools or close schools which are unable to meet the needs of students in the district or the needs of the city.

Ninety-four percent of RSD students are economically disadvantaged and 13 percent are students with disabilities compared to statewide averages of 69 percent who are economically

disadvantaged and 11 percent with disabilities.

The growth of the average ACT composite scores and graduation rates are positive signs and impressive gains for students in the New Orleans RSD.

Although the RSD does not manage schools directly, strong focus is placed on equity for all students. Traditional attendance zones have been removed to ensure all students and families have fair and equitable access to schools across the cities. The Unified Enrollment System (UES) helps manage not only how students enter schools through enrollment but also manages the expulsion process for students throughout the system.

Mr. Peterson said intense focus is placed on students with disabilities through employing a differentiated funding formula for students. Schools that serve a disproportionate number of students with disabilities have extra resources to ensure a quality learning environment. He said they also developed diverse programs for specific groups of students such as the Youth Opportunity Center designed to decrease chronic absenteeism and the New Orleans Therapeutic Day Program for students who suffer from severe behavioral and mental health disorders. Louisiana is currently working to develop a Career and Technical Education Center to provide additional opportunities for students who desire career and technical training to access high-wage and high-growth jobs in the region and want an option to attend two- or four-year colleges later. Louisiana is focusing on these areas to ensure no students fall through the gaps while also using an oversight and authorizing capacity to ensure charter schools are meeting the needs of students and families in the district.

Mr. Peterson said Louisiana is proud of the successes achieved and stressed the need for continued progress to reach goals so every student in New Orleans has access to a great public education.

Last spring, the Louisiana legislature passed Act 91 which created a pathway to return New Orleans RSD schools back to the local district, who has worked closely with RSD schools to implement specific programs discussed earlier. Mr. Peterson said the continued work is to rebuild and repurpose RSD into one that does not manage schools directly but understands its role of authority to ensure equity while putting decision making power with the day-to-day operators of schools.

In response to Senator Wilson's question, Mr. Peterson said serving as a strong authorizer is the most important aspect of RSD's work. He said of the six different types of charter schools, the specific type regarding RSD's work are Type 5 Charter Schools, designed to serve as replacements or turnarounds for underperforming schools. He said the authorizer's role is to ensure recruitment of mission-driven, non-profit organizations who have a track record of performance in educating students of similar student population and student demographics. While the RSD ensures families have fair access, the school has autonomy over decision making in terms of staffing, curriculum, budgets, and programs. State policy is clear regarding the accountability system's expectations for improvement or lack thereof. If no improvement is made, the operator or charter school organization will no longer run the school. The next

decision of the RSD is to recruit additional operators to run the school as a traditional district. If that isn't an option, the school will be closed, and the RSD will ensure the students have priority in enrolling in higher performing schools or they will authorize new schools. The RSD uses a combination of strategies to develop a system of schools to meet the needs of students. Mr. Peterson said that by serving in the authorizer role, RSD has the responsibility of ensuring schools meet the terms of the agreements or replace them. Because it is a privilege and responsibility to become an operator to educate the children of Louisiana, it is a role that is taken very seriously and requires tough decisions that are not always popular within the system. Mr. Peterson said the RSD is the authorizer and provides the day-to-day oversight. The oversight for the RSD is the Louisiana State Department of Education through the State Board of Elementary and Secondary Education, which authorizes recommendations to open new schools or close existing schools.

In response to Senator Carroll's question, Mr. Peterson said charter schools are required to meet the academic, organizational, and financial standards of traditional schools although traditional schools are not always held to the same repercussions for consistently underperforming. Specialized programs are allowed within schools as specific needs are recognized and a smaller program can be created within a school to meet its needs.

In response to Representative Collins' question, Mr. Peterson said charter schools have the latitude to hire non-certified teachers who are required to work toward certification and can use alternative pathways provided to achieve this goal. He said schools have learned it is important for teachers to have the knowledge of classroom management, have specific knowledge in content areas, and be highly effective.

In response to Representative Stone's question, Mr. Peterson said while two-thirds of students had previously experienced failing schools, the percentage of children in successful schools is much higher. He said characteristics of a successful school include principals and teachers who are able to adjust through the use of data and make decisions quickly in terms of approaching learning for the students. The previous school system was a bureaucratic, centralized system of authority mandating specific programs and methods of instruction. He said parents are now empowered to make choices among schools that best fit the student's needs.

In response to Senator West's question, Mr. Peterson said annual state assessments are administered in the spring and schools are held accountable through end-of-course tests, ACT scores, and graduation rates. He said schools have other internal interim assessments to ensure adequate progress is being made. Charter schools and public schools administer the same tests.

Mr. Peterson said non-traditional attendance zones were created out of necessity due to the aftermath of Hurricane Katrina as the devastation created a change in housing patterns. The first year after the storm, there were roughly 12,000 public school students, two years later the school population was 25,000, and enrollment today stands at 44,000

public students, still shy of the 65,000 students prior to the hurricane. He said the UES was designed to allow families to apply anywhere in the city, with up to eight choices and ranked by preference. Families are then assigned and notified of the highest ranked single choice available. Most schools are open enrollment/open admission schools while four schools in the city have admissions criteria. Ninety percent of public schools are part of the enrollment process and eventually all schools in New Orleans will be part of the UES. Each geographic zone has a number of different school options within each zone, and schools can reserve up to 50 percent of the available seats in those schools for families that live in the zone. Since the schools are required to provide transportation, the RSD has found that parents and families are not necessarily choosing schools within the zone, but selecting the schools which best fits the needs of the student.

In response to Chairman Higdon's question, Mr. Peterson said charter schools have been highly effective in changing the direction of failing schools, as is evidenced by significant progress in performance data and test scores. Because all charter schools, as well as traditional public schools, may not be created equal, validation is given to the importance of strong authorization, oversight, and accountability to ensure the needs of students are being met. A charter school has much more likelihood of being shut down for underperformance than a traditional school, which has given Louisiana leverage in terms of driving progress.

In response to Representative Graham's question, Mr. Peterson said specific data is available comparing school performance prior to the start of charter schools to now. He referred the committee to the website LouisianaBelieves.com to review the individual school report cards and the accountability data. In 2005, 23 percent of students performed on grade level in reading and math compared to 59 percent in 2015. Although this indicates tremendous progress, four out of 10 students not performing on grade level reveals the need for more improvement. The 2007 high school graduation rate in New Orleans was 54 percent, and is now 74 percent, an increase of 20 percent. In addition, the number of students attending college is greater today than it was 10 years ago when the system had 15,000-20,000 more public school students. Students with disabilities are graduating at a higher rate than the state average. African American male students are graduating at a higher rate in New Orleans than the state average, which was not the case 10 years ago. Although there are subjective data points that are reflective of significant progress, that progress should not be confused with success as there is much improvement needed to ensure students are successfully prepared for college and beyond. Mr. Peterson referred to a report by Professor Doug Harris from Tulane University's Educational Research Alliance on the impact of the decisions on student outcomes and school performance scores. The study overwhelmingly found a positive impact was made through the use of charter school turnaround and charter school takeover.

In response to a question by Senator Neal, Mr. Peterson said the system has transparency with respect

to oversight and accountability. Assessments are performed on organizational and financial capacity where certain metrics must be achieved. Since public schools are involved, open meeting laws and access to public information are required as would be required in any traditional school district. He said there are monthly board meetings with proper notification and submission of financial budgets to LDE.

In response to a question by Representative Meeks, Mr. Peterson said New Orleans spends \$9500 per pupil. The RSD created a partnership of differentiated funding between the local school district and the New Orleans School District whereby schools are given their per pupil funding and a portion is set aside for students with specific characteristics including special education, non-English language students, over-age students, and students with special needs. Additional weight is assigned to these groups and additional funding from the funds set aside is provided to support the educational programming for special need students. Schools which have a greater number of special need students receive additional funding. He said the RSD charter schools receive federal government funding along with any funding assigned to at-risk schools. Schools support their work through private philanthropy and fundraising. The first five charter schools spent \$10,500 annually per student, or an additional \$1,000 more per pupil. Two percent of the funds are used to administer the district, including the unified enrollment system, the youth opportunity center, and the therapeutic day program. Mr. Peterson said New Orleans spends \$500 million annually on public education, which includes the RSD, charter schools, and the local school districts including local, state, and some federal money. Ninety-five percent of the \$500 million is used at the school level and in classrooms and not for overhead in central office systems.

In response to a question by Senator Kerr, Mr. Peterson said the creation of the RSD by law said any school deemed academically unacceptable by the state for four consecutive years would be eligible to be placed into the RSD. Before Hurricane Katrina, five schools fit the category. After Hurricane Katrina, a number of other schools qualified and some other schools in other parishes were placed into the RSD. The law also said those schools could remain in the RSD for a minimum of five years, which was later amended to allow the charter school governing boards to make decisions about whether or not to return to the authority of the local school district. Most schools chose to remain as part of the RSD. Act 91 created a pathway to return schools in New Orleans back to local authority by July, 2018 and was widely supported by charter school advocates, local control advocates, and the legislative delegation. Codified in law were the autonomy schools have over decision making for curriculum, staffing, and budgeting. When schools return, they will remain autonomous. Schools need to be part of the UES to ensure equity and fairness across the system. The system will be transitioned and managed by the local school system and the differentiated funding program will remain in place as schools transition back to local school system. The New Orleans's parish school superintendent will have a certain amount of authority in decisions of

the local school system, thereby removing some of the potential impact of local politics. Superintendent recommendations can be overturned only if more than two-thirds of the local school board agrees. The local school board retains policy-making and fiduciary responsibility for the system. Mr. Peterson said the RSD is working closely with the local school system to prepare for the transition of these schools.

EdChoice KY

A presentation for EdChoice KY was given by Andrew Vandiver, Associate Director of the Catholic Conference of Kentucky, and Heather Huddleston, Executive Director of School Choice Scholarships. Both are board members of EdChoice KY.

Mr. Vandiver said EdChoice KY is a coalition of individuals supporting the expansion of educational opportunities for all Kentucky students through the use of a scholarship tax credit program. This will allow all students to have high quality educational opportunities and resources that low to middle income families often lack.

Mr. Vandiver said the scholarship tax credit program allows individuals and businesses to donate to scholarship-granting organizations and receive a non-refundable tax credit. Seventeen organizations across the country award need-based scholarships for students to attend a non-public school best suited for their needs.

Ms. Huddleston manages the Louisville based non-profit School Choice Scholarships (SCS), a non-profit organization that grants need-based scholarships to K-8 students to attend any school of their choosing in Jefferson and Oldham Counties. SCS awarded scholarships to 374 students in 51 schools in the Louisville area. The students were selected from 3,500 applications.

Mr. Vandiver said the program is supported by private donations but its goal is to reach more organizations across the state by allowing more children access to the classroom best suited for their needs. The program has broad public and bipartisan support with a 73 percent favorable view of scholarship tax credits.

Regarding student outcome, Mr. Vandiver said a vast majority of studies show a positive impact by providing an appropriate fit for students with unique needs to access the classes that work best for them. Competitively, 30 states have school choice laws, including Kentucky's surrounding neighbors of Indiana, Ohio, Tennessee, Virginia, and Illinois. If Missouri passes a school choice law next year, Kentucky and West Virginia will be the remaining states in our geographic region without school choice laws.

Mr. Vandiver said the fiscal impact of school choice on taxpayers and public schools found that out of the 28 studies conducted, 25 programs saved money and three found that the programs were revenue neutral. An independently prepared fiscal note estimates that legislation introduced in 2016 would have resulted in a net combined positive impact equal to \$13.1 million in Kentucky. He recommended supporting legislation in 2017 to create a scholarship tax credit program in Kentucky.

Ms. Huddleston said EdChoice KY is a need-based scholarship rather than merit based

and students must qualify for the federal Free and Reduced Lunch Program to be considered.

Every Student Succeeds Act Update

KDE Commissioner Stephen Pruitt gave a monthly update on the new accountability system, which is reaching a point where substantive content is emerging. The five work groups are assessment, college- and career- readiness, education innovations, opportunity and access, and school improvement. These groups sent their initial recommendations to the Systems Integration Work Group (SIWG) for review to ensure the recommendations are logical. The SIWG has forwarded its initial recommendations to the Accountability Steering Committee with a scheduled timeline addressing the issues. KDE plans to have a special meeting of the Kentucky Board of Education (KBE) in January for a first reading of the related regulation and a second reading in February unless the U.S. Department of Education adjusts the timeline for implementation of the system in their regulations.

Commissioner Pruitt announced a special informational meeting is scheduled for November 28th to discuss charter schools.

In response to Representative DeCesare's comment, Commissioner Pruitt said the KDE and KBE will have open and frank discussions to ensure a mutual understanding of charter schools. Mr. Pruitt said KDE will hold a public hearing in December and invite and encourage people to state their opinions and be an interactive part of the discussion.

In response to Senator Wilson's question, Mr. Pruitt said initial plans were that the regulation would receive a first reading in January, however, that is contingent on whether the completion of the regulations and feedback for necessary adjustments are received in time and whether the USDE will allow more time. Mr. Pruitt will find out if the regulations must be in place before the timeline date.

Senator Wilson commended the members of the committee. He recognized outgoing members of the committee and thanked them for their service in the legislature and on the committee. He also commended the LRC staff.

Representative Graham commended current and former members of the Education Committee. He said a strong public education is essential for the children of our Commonwealth and for our country.

There being no further business, the meeting adjourned at 3:00 p.m.

INTERIM JOINT COMMITTEE ON EDUCATION

Subcommittee on Elementary and Secondary Education

Minutes of the 4th Meeting of the 2016 Interim

November 14, 2016

Call to Order and Roll Call

The 4th meeting of the Subcommittee on Elementary and Secondary Education of the Interim Joint Committee on Education was held on Monday, November 14, 2016, at 10:00 AM, in Room 129 of the Capitol Annex. Representative Wilson Stone, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Wilson Stone, Chair; Senator Danny Carroll, Co-Chair; Senator Johnny Ray Turner, Representatives Hubert Collins, Jeffery Donohue, Derrick Graham, Brian Linder, Ruth Ann Palumbo, Jim Stewart III, and Jill York.

Guests: Stephanie Little, Kentucky Education Development Corp; Linda Alford, Northern Kentucky Education Cooperative; Robert Meacham, KDE, OTL; Allison Slone and Kayla Steltenkamp, KYREADS.

LRC Staff: Jo Carole Ellis, Janet Stevens, and Chris White.

Transparency, Consistency, and Accountability in Special Education Programs

Terry Brooks, Executive Director, Kentucky Youth Advocates (KYA), introduced the panel of Donovan Fornwalt, CEO, Council for Developmental Disabilities (CDD); Dr. Jenny Kimes, Program Director, Downs Syndrome, Louisville; and Ed and Susan Kinney, and their son David, a Downs Syndrome student.

Mr. Brooks said adequate resources for special education in the classroom is a concern since not all districts commit resources to the classroom. He said parents should be active partners in developing their child's educational plan and not get involved in the school's bureaucracy.

Mr. Brooks said the commitment of shifting local autonomy to schools by the Kentucky Department of Education (KDE) is encouraging although the lack of quality assurance from district to district is troubling. While a lack of dedicated teachers, principals, and directors of special education is not implied, the variation from place to place is concerning.

KYA has sought fiscal overview and transparency. Mr. Brooks said money is allocated erratically from district to district. In the Program Review Committee, Senator Carroll requested that KYA highlight A6 programs because no issue affects A6 children more than special education. A6 programs are district-operated, instructional programs in a non-district-operated institution or school.

Mr. Brook said today's testimony will focus on three items. Mr. Fornwalt will discuss discipline and special education, Dr. Kimes will address the impact of accountability for special education students, and Mr. Kinney will testify about challenges facing the parents of a child with special needs.

Mr. Fornwalt said CDD has worked with and for parents since 1952. His focus on restraint and seclusion has a desperate impact on children with disabilities. Statewide data indicates 15 percent of students have disabilities, yet 79 percent of the incidences of physical restraint and 95.4 percent of all incidents of seclusion and isolation involve children with special needs. Kentucky's regulations state restraint and seclusion are emergency interventions that should not be a daily occurrence. Physical restraint is defined in Kentucky as personal restriction that immobilizes or reduces the ability of a student to move and does not include behavioral interventions used to calm a student such as temporary touching or holding of the hand, wrist, or arm to encourage a student to move to a safe location. Physical restraint may only be used if the student's behavior poses an imminent danger of

serious harm to the students or others.

Mr. Fornwalt said many cases of physical restraint on developmentally disabled students have been referred to CDD and have caused a great deal of concern because physical restraint was used in cases that did not involve the possibility of serious harm.

Mr. Fornwalt provided a story of a four-year-old special needs student who was confined in a preschool closet because he was unable to perform tasks as quickly as they believed he should. The staff used behavior modification by denying food, pinching him, pulling his hair, and body restraint. Because the student was unable to verbalize, he endured these modifications for two and a half years without the knowledge of his parents. Once he was able to communicate, it explained their son's multi-hour crying spells, withdrawal from family, nightmares, and severe anxiety.

A more severe case was a 16-year old student attending the Binet School for Disabled Children, a school devoted to serving only children with disabilities. A teacher's aide restrained the student which resulted in a spiral fracture in both femurs, the longest and strongest bones in the human body. Dr. Melissa Curry, Chief of Pediatric Forensic Medicine at the University of Louisville (UofL), noted that the injuries sustained were "consistent with an acute physical assault" and called it "near fatal child abuse", as the student almost died. A UofL bio-medical engineering student determined such a severe femur fracture would require more than 500 pounds of pressure per leg. Mr. Fornwalt said without the persistence and advocacy of the student's parents and the emergency room doctor, the case would have never been exposed. Through information gathered from retired and veteran teachers at the school, Dr. Curry reported the school maintained a code of silence. Eventually, the district settled the lawsuit for \$1.7 million; however, the teacher's aide was allowed to return to the school after temporary suspension. Mr. Fornwalt concluded we have an immature system that lacks accountability. He said the culture of any school system begins with school leadership. Students in this district were confined to a room or physically restrained 4,400 times in 2015; yet only 174 instances were correctly reported to the KDE, despite regulatory requirements that all incidences must be reported. KDE also expressed concern as to whether the regulatory requirement of a 24-hour parental notification was adhered. The KDE concluded "evidence is clear, restraint and seclusion are ineffective techniques that having potentially deadly consequences. The evidence is equally clear that reducing or eliminating restraint and seclusion produces positive outcomes for students, staff, and schools."

Mr. Fornwalt said Ron Hager, Senior Staff Attorney for the National Disability Rights Network, said imminent danger is the only reason restraint should be used. He said the number of incidents in certain districts indicate a system-wide problem of managing behavior.

Mr. Fornwalt suggested needed changes are independent voices, the power of people, and the legislative branch to become fully engaged. He said

a gold-standard training regimen and a system that encourages positive behavioral support and utilizes restraint and isolation only as a last resort is essential. Mr. Fornwalt said accountability and transparency in data collection and reporting, superintendents with honest and brave executive leadership, and children being the first priority are critical elements in special education.

Dr. Jenny Kimes, Downs Syndrome of Louisville, said she meets with families from the time of birth or prenatal diagnosis to support parents and caregivers throughout the child's life. The staff attends school-based meetings for families supporting caregivers, offering resources to school personnel, and advocating for students.

Dr. Kimes said an Individualized Education Plan (IEP) is developed or amended by the Admission and Release Committee (ARC) for students with special needs. A service availability model is used to determine the services a student is eligible for and will receive. She said services are often determined by the availability of service in a particular district instead of the individual needs of students. Services include speech, occupational physical therapies, para-professional supports, and direct and collaborative services from resource or special education teachers.

Dr. Kimes said she has witnessed incidences of students with similar abilities and needs classified at different levels of services and educational placement based on the availability of school personnel. She said students may receive minimal levels of service or found ineligible for services if districts experience a shortage of professionals or if schools have an abundant caseload. Dr. Kimes witnessed students who received higher level of services in districts with more resources. She also witnessed students who were eligible for placement and services in one district but after crossing district lines, the IEP was rewritten and it was determined the student no longer needed or was eligible for the service. Dr. Kimes said a student's abilities or needs should not diminished simply by crossing a district line.

Another trend observed by Dr. Kimes is the similarity in services received by students regardless of their skill set. Significant developmental discrepancies and an academically, diverse skill set exists for students diagnosed with Downs Syndrome. While some students are more significantly impacted, others are highly capable, independent and articulate. Regardless of the diversity of the students, the type and level of service recommended by school personnel appears to be the same for everyone in some districts.

Dr. Kimes said the individual needs of students who are not correctly represented in their IEPs is a concern, because it appears the IEPs include the services the district or school is able or willing to provide. Another concern is the variation of IEPs among districts. She said while districts prefer to have autonomy to interpret and implement state regulations, students' needs and best interests are a priority. Dr. Kimes said if district convenience, performance, or budget becomes the driving force, the educational process is ineffective.

Mr. Ed Kinney, father of David who has Downs Syndrome, explained how an uninformed decision to allow his child to complete an alternate assessment

test in the 3rd grade required his movement from a mainstream classroom into a self-contained classroom. During the year, David's parents witnessed slow academic pace, unchallenging work, and regressive behavior both at home and school. David's parents contributed his decline to limited access to peers and general education setting. David's parents approached the ARC to develop a behavioral intervention plan but were informed their decision for the alternate assessment test required David to spend time in the special education room. They encouraged his parents to let David remain in his current program. Before 4th grade, David's parents requested an IEP revision and requested David take the K-Prep test. David was moved to a resource room for a focus on math and reading and spent the remainder of the day in general education classes. Although the initial and sudden change was challenging for David, academic growth was evident. Based on limited score growth, his ability to answer questions, and a novice ranking in reading and math on the 2016 K-Prep test, school personnel determined the alternate assessment would be the best option for David. His parents expressed concern that academic growth was never mentioned as they felt that was the common goal for students and faculty. When an agreement could not be reached between the Kinneys and the ARC, David's parents were encouraged to file a complaint. Due to concerns that David would fall further behind grade level, his parents requested the K-Prep be administered in 2017. Prior to the Kenney's meeting with the ARC, the district received their K-Prep report card and scores had declined from distinguished to proficient.

Mr. Kinney said for a student to be dismissed as early as 3rd grade in order for the school to pursue higher test scores is disturbing. He said problems associated with current testing programs and decisions made in ARC meetings can impact the lives of special needs students throughout their entire school career. David's parents have realistic, high expectations and ambitions for David to complete his high school experience and obtain a diploma that will prepare him for a postsecondary academic experience or employment.

Dr. Kimes said the arena of people with special needs is long term and complex. She said it is imperative that tough questions be asked to eliminate the current nature of special education in Kentucky. Some examples are: Are categorical dollars winding up where they are intended to be? Are existing and clearly stated standards for student management being complied with and enforced? Is the primary focus on test scores or on student learning? What is the role of special education when it comes to state agency children?

In response to Senator Carroll's question, Mr. Kinney said he does not think the issue is related to resources but rather how the system applies the decision of alternate assessment and K-Prep. With the support of and information given by school personnel, Mr. and Mrs. Kinney made what they believed to be the best decision for David to take the alternate assessment, unaware the change would move David from the inclusive general education environment into six hours per day of special education. Mr. Kinney said after David was removed from the special

education environment and put back into the general education resources room, with the exception of special classes in math and reading, a positive change occurred in David's focusing on general education driven toward a progressive academic performance. However, during David's 5th grade planning meeting to update his IEP, the parents were frustrated to learn the ARC recommended David be returned to the alternate assessment program.

Senator Carroll said a child's socialization with typical developing children helps with maturity and independence and peer-tutor programs are invaluable. He expressed concerns about inconsistencies throughout the districts.

In response to Representative Palumbo's question, Mr. Brooks said there is a wide variation among districts regarding special education. He suggested the General Assembly establish priorities and address the misalignment of the accountability system in special education needs and how special education students are managed in disciplinary settings. Mr. Brooks said schools and districts are not taking care of the most vulnerable citizens of Kentucky.

In response to Chairman Graham's question, Mr. Kinney said those in attendance at the ARC meeting were David's teacher, a counselor, the ARC chair, and David's family, without an advocate to represent them. He said the committee failed to provide sufficient information regarding the impact of alternate assessment and future educational pursuit; however, there was discussion of an alternate diploma versus a regular diploma. Mr. Kinney said while alternate assessment in 3rd grade was positioned as the only option, they were advised David could return to the regular diploma track at any time. While Oldham County has one of the best school systems in the state, Mr. Kinney believes David was moved to the alternate assessment to improve the overall testing position of the school.

In response to Representative Stone's question, Mr. Kinney said moving David to alternative assessment was partially due to their lack of clear understanding, failure to be provided with more information, and failure to question the school's recommendation. Unconvinced the school applied proper methods of resources, his parents pushed to return David to K-Prep to keep him on an educational track. Mr. Kinney said a decision made in the 3rd grade should not determine the child's future of earning a diploma.

In response to Senator Carroll's question, Mr. Kinney agreed lack of communication and conversation fosters distrust in the school system. Dr. Kimes said the circumstances discussed are a prevalent issue and are not unique. Senator Carroll senses a reluctance for teachers to come forward to speak up for the student.

KYREADS: Kentucky Ready to Advocate for All Students with Dyslexia

Allison Slone, a special education teacher in Rowan County and mother of a child with profound dyslexia, and Kayla Steltenkamp, a former special education teacher who is currently completing her PhD in the area of teacher knowledge of dyslexia, gave the presentation for Kentucky Ready to Advocate for

All Students with Dyslexia (KY Reads).

Ms. Slone shared the difficulties children with dyslexia face on a daily basis. She explained that dyslexia is not discussed in any pre-service college courses and teachers should be introduced to specific strategies to successfully work with dyslexic children.

Ms. Slone said children with dyslexia are emotional, distraught, and experience sensory meltdowns. While her son's behavior was manageable in the classroom, the aftermath caused her son extended hours of emotional crying and anxiety after arriving home. As a special education teacher, Ms. Slone sought assistance and received a diagnosis of profound dyslexia with ADHD resulting in sensory, attention and learning disability issues. As a teacher, she realizes it is a national issue that teachers lack the understanding and training to provide help for these students. Next came a response to intervention (RTI) process to determine if her son qualified for special education. Because many districts use a discrepancy model, a certain discrepancy must exist between the IQ and academic scores; therefore, Ms. Slone's son did not qualify for a specific learning disability. After learning the discrepancy model is a random, made-up number with no research or explanation as to how the number is derived, the ARC reviewed how the classroom setting is affecting children's physical and functional anxiety. Ms. Slone's son was in the third tier of RTI and was showing no positive progress but was unable to get an IEP due to his inability to reach the "magic number." Her son received a 504 Plan for ADHD and sensory processing disorder due to the medical diagnosis. Technically, he received additional time to read something he could not read, which increased his anxiety when he was still unable to complete the work. Although his reading and spelling is not on the level of his peers, his anxiety has improved. She suggested the KDE and legislature review how children are qualified for specific learning disabilities and address the specific problem. Ms. Slone said dyslexia affects 20 percent of students in the classroom.

Ms. Slone said building teacher leadership is being addressed. As dyslexia was addressed and KDE's commissioner realized it was an issue, the Dyslexia Task Force was created.

Ms. Steltenkamp said she was a special education teacher for seven years before being made aware of dyslexia and is aware of the difficulties experienced by teachers and parents in the structure that is preventing forward movement. She found dyslexia is a part of Kentucky legislation as a specific learning disability but is a subject for which teachers have little knowledge or understanding. Because 80 percent of students with a specific learning disability in reading are dyslexic, a unique method of teaching is needed to effectively help these students. Building awareness will help prepare teachers to better understand effective teaching methods for these students.

Ms. Slone said social media presence and teacher leadership can provide skills, strategies, and interventions needed to identify characteristics of dyslexia. She said the students' need access to specific programs throughout the Commonwealth.

Ms. Steltenkamp said explicit instruction is needed to teach reading for students with dyslexia.

While an average reader uses three areas of their brain to analyze and process words, a student with dyslexia only has one of those three areas that work. She said correct interventions are needed to help the neurological pathways adjust and dyslexia awareness must be raised.

Ms. Steltenkamp and Ms. Slone referred to informational videos and social media presence and said they provide frequent updates and dissemination of information regarding dyslexia. Their mission is to advocate for teacher knowledge regarding the subject of dyslexia and the knowledge needed to help struggling readers.

Ms. Steltenkamp said the inability to read affects many students with dyslexia in areas such as spelling, writing, listening, language processing, motor control, memory difficulties, spatial and temporal difficulties, as well as social and emotional well-being.

Ms. Slone said KYREADS sent a statewide survey to parents, legislators, teachers, and other advocates in an attempt to get an understanding of knowledge about dyslexia in Kentucky. With over 50 percent of districts represented, 39 percent of participants had heard of dyslexia but needed more information and 34 percent had never received any training or education. Twenty-two percent of those surveyed received information from outside agencies, two percent from the school system, and 24 percent through institutes of higher education. Thirty-nine percent reported that teachers are not trained and often express misconceptions about dyslexia. Less than one percent know of students that are being screened for dyslexia. Less than 16 percent of students with dyslexia receive an IEP and less than 26 percent receive a 504 Plan. Seventy-six percent of those surveyed believe all teachers should be able to recognize the signs and methods to modify or accommodate the curriculum for dyslexic students, and 58 percent believe that Kentucky policymakers need to revise laws to mandate dyslexia screening and training for teachers.

Ms. Slone said KYREADS has formulated great networking partnerships and has a mission to see that every school in Kentucky has a tool kit including resources, questions and answer sheets, reproducible materials, best practices and strategies for accommodations and modifications, presentation materials, posters, and brochures. She said KYREADS awaits the USDE's decision for the upcoming Teach to Lead Leadership Lab and has several ideas for improvement if selected.

In response to Representative Stone's question, Ms. Steltenkamp said dyslexia is most often dealt with in the special education setting but that can be remediated through a Response to Intervention (RTI) if the correct methods are used. She said her experience is that dyslexia is not discussed in the school systems but the Office of Special Education Programs (OSEP) in Washington, D.C. has now approved the use of the word dyslexia in a student's IEP. She said because the correct term has not been used, the correct interventions has been less than acceptable. Ms. Slone hopes through the task force, children with dyslexia will not need or require an IEP or a 504 Plan if the RTI process is utilized effectively and the student is given correct strategies and

interventions. Ms. Steltenkamp said a child should not get through the RTI third tier without making progress and it is their mission is to identify students as early as 4-5 years due to characteristics, signs, or genetics.

In response to Senator Carroll's question, Ms. Steltenkamp said higher education does not have a strong focus on dyslexia in textbooks and textbooks may provide a short paragraph it or may not be mentioned at all. She said people are uniformed and have misconceptions about dyslexia, but effective training will provide less apprehension to work with dyslexic students.

In response to Representative York's question, Ms. Slone said assessment does not come formally through the assessment process but through the advocacy by the parent. She said there are no screeners in the public education system for dyslexia teachers but can notice if students have enough signs to implement interventions that work. The specific multi-sensory strategies are through the RTI process but specific strategies and interventions can be implemented by classroom teachers that are helpful and conducive to a students' success. Ms. Steltenkamp said the requests are primarily parent motivated and believes there is a fear of acknowledging on the school's part due to the cost.

In response to a question by Representative Graham, Ms. Steltenkamp confirmed her PhD did not include in-depth discussions on dyslexia. She said universities must meet the requirements of the Educational Professional Standards Board (EPSB). When specific interventions are discussed, a teacher may not understand the concepts of literacy. Some early elementary teachers are unable to explain phonology, syntax and semantics created, which are important when teaching a specific skills for reading. The biggest barrier for universities is the accreditation through the EPSB. If dyslexic courses are added, others would have to be removed. If the ESPB standards are changed, the focus of higher education institutions will change, but some private institutions have programs that are dyslexic specific. Ms. Slone has met with Kentucky State University, and the administration said it is looking at adopting the topic of dyslexia for regular and special education programs.

In response to questions by Representatives Graham and Stone, Greta Hylton, Director for the Division of Learning Services at the KDE, and Tracy Hermann, Analyst in the Office of Legal and Legislative Affairs and the Legislative Liaison for the KDE, said a specific formula for funding exists and although it is not readily available, it will be provided to members. Ms. Hylton said decision making based on resources has never been the intent of special education. She said the intent of the IEP team is to look at each student's unique, individual needs and make a decision based on the findings regardless of the resources. However, resources must be acquired if they are not available in a particular district. Since the oversight for expenditures are at the discretion of the districts, many inquiries are received by KDE for more efficient use of funds.

In response to Mr. Kinney's previous concern regarding a full-time resource room for alternate

assessment, Ms. Hylton said the determination of alternate assessment by the IEP team or the ARC does not require the student to spend full time in a secluded resource environment; however, the school can make an individual decision based on the child. Students thrive not only through academic engagement with peers, but also social and emotional engagement. Parents have the right to dispute the resolution if they disagree with the decision of either committee by requesting mediation, filing IDEA formal complaints, or requesting due process hearings. Ms. Hermann said the federal law, IDEA, oversees most of the processes for special education services in the state. The two major funding streams are IDEA federal dollars and the general funds for SEEK, which provide additional dollars to students for add-ons or categories that are allowed such as speech, moderate and severe impediments, home, and hospital. Ms. Hermann said the additional funds are provided to school districts based on the number of qualifying students in their district.

In response to questions by Senator Carroll, Ms. Hermann said exceptional child add-ons for SEEK funding goes to local districts. Although the funds are allocated for special education, districts have discretion to disburse the funds to build resources. Kentucky's local districts and parents on the local School Based Decision-Making (SBDM) Council distribute the funds. If the district makes a decision otherwise, that is the district's decision. Although the appropriation in the SEEK funding formula is set up to provide special education funding, local districts ultimately decide to spend their funding based on needs. She said districts are dedicated to the purpose and intent of the legislation in supporting all students as allocated, but there are schools who do not allocate the funds appropriately. Representative Stone made the distinction that although this happens with SEEK money, it does not happen with federal funds. Ms. Hylton said as forward movement with the ESSA and input is gathered from all shareholders, KDE plans to ensure that special education has a voice through the Council for Exceptional Children and the State Advisory Panel for Exceptional Children. These groups are designed to advise the KDE as special education services arise. The new accountability model will be shared with all groups of shareholders who have vested interest in special education. Ms. Hermann said one significant change in ESSA requires students in alternative assessment be counted as graduates, per federal requirements.

Ms. Hylton said the survey results previously requested by Senator Carroll regarding facility issues has been distributed and preliminary responses have been received. She said KDE is in the process of contacting those who have not yet responded to complete the survey and the results are forthcoming soon.

Chairman Graham thanked the KDE staff for clarifying information to understand the federal guidelines that Kentucky must also follow. He also commended the involvement of local districts' decision making and the KDE's process regarding those decisions.

In response to Representative Stone's question, Jimmy Adams, Executive Director of the ESPB, said

curriculum changes may be necessary as the educator preparation provider level changes and the need to adapt to meet the new requirements. He said the ESPB is standards based, not curriculum based. The ESPB determined which standards have been met and which ones need to be addressed. The standard can vary anywhere from the Kentucky Teacher Standards currently in place to the Specialty Program Areas standards that include literacy, math, special education, and other areas. An educator preparation provider will submit how standards will be achieved before the program approval is provided to allow ESPB to determine standards are met. Making changes to the curriculum is permissible but must be submitted to the ESPB for approval and processing.

The committee recognized Representative Hubert Collins for 26 years of service.

There being no further business, the meeting was adjourned at 12:00 noon.

INTERIM JOINT COMMITTEE ON EDUCATION

Subcommittee on Postsecondary Education Minutes of the 4th Meeting of the 2016 Interim

November 14, 2016

Call to Order and Roll Call

The 4th meeting of the Subcommittee on Postsecondary Education of the Interim Joint Committee on Education was held on Monday, November 14, 2016, at 10:00 a.m., in Room 131 of the Capitol Annex. Representative Cluster Howard, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Cluster Howard, Co-Chair; Senators Gerald A. Neal, Stephen West, and Max Wise; Representatives George Brown Jr., Tom Riner, Sal Santoro, Rita Smart, and Addia Wuchner.

Guests: Bryan Makinen, Executive Director of Public Safety and Risk Management, Eastern Kentucky University; Gary Folckemer, Director of Emergency Management and Security, Eastern Kentucky University; and Erin Klarer, Vice President of Government Relations, Kentucky Higher Education Assistance Authority.

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

Approval of minutes of the August 15, 2016 and September 12, 2016 meetings was tabled until the next meeting due to lack of quorum.

Presentation: Campus Safety

Mr. Robert King, President, Council on Postsecondary Education (CPE), opened the presentation with a brief overview of the federal Clery Act, enacted in 1990, and the state's Michael Minger Act, enacted in 2000. Both of these are legislation pertaining to college campus safety. He stated that the Minger Act is largely focused on fire safety as the result of the tragic death of Michael Minger in an intentionally set dorm fire on Murray State University's campus in 1998. Both acts contain provisions relating to disclosure of criminal activity on and near campus as well as issuance of timely notifications in the event of emergencies or security threats.

Mr. Bryan Makinen, Executive Director of Public Safety and Risk Management, Eastern Kentucky University (EKU), spoke about the composition of the Division of Public Safety at EKU and how that extrapolates out to other comprehensive institutions statewide and nationwide. He said that campuses should be considered cities within cities with regard to public safety and emergency response initiatives. EKU's campus comprises 6.5 million square feet and just under 1,000 acres of land. This also includes an airport managed by the university as well as farm land and regional campuses outside of Madison County. The Division of Public Safety is responsible for the safety of the students and staff who learn and work there. It provides an array of services to not only the campus residents and personnel, but to the communities which surround the university. Keeping students safe is a responsibility that he and his staff take very seriously.

In regards to environmental health and safety, Mr. Makinen stated that the department's oversight is of occupational safety compliance, environmental compliance, environmental health concerns, CDC compliance, general health concerns (such as pandemic flu), and hazardous materials response. Additionally, the university's fire marshal's office is part of this division and enforces the requirements of the Minger Act on EKU's campus. EKU has worked closely with Gail Minger as the launching of her campaign began on the campus. One of the initiatives which was a direct response to the Minger Act was the installation of fire suppression systems within each residence hall. EKU has three fire, arson, and explosion investigators who work with the fire marshal, and EKU is a leader in fire, arson, and explosion investigation education which benefits the larger community. The division is responsible for the Fire Extinguisher Laboratory which, although it seems small, maintains the more than 16,000 fire extinguishers on campus. The laboratory has a student led program which allows Fire Safety Engineering Technology students to learn how to maintain and service fire extinguishers as a vital part of education.

EKU has a full-time, fully certified 911 emergency telecommunications center and a fully accredited police department. The department is comprised of 24 sworn officers dedicated to protecting and serving the university as well as the surrounding community. EKU campus police have county-wide jurisdiction because of the close interplay between EKU's campus, the City of Richmond, and Madison County. Because of this, EKU has developed strong relationships with other public safety and police departments, including Kentucky State Police, which has a post on campus. The public safety strategies implemented at EKU are designed to marry together aspects of compliance with both the Clery and Minger acts. Lastly, Mr. Makinen addressed risk management and insurance, a department which manages all the various lines of insurance on campus property to mitigate losses to the campus. It is not responsible for health, dental, and medical insurance, which are managed by the Human Resources department.

The Division of Public Safety and Risk Management is heavily involved in many committees both on and off campus to build the strong

partnerships necessary to be effective. It works with housing, the Title IX office, the Office of Equity and Inclusion, Human Resources and others. The goal is to ensure that students, faculty, and staff have immediate access to the services, educational opportunities, and reporting tools to be safe and successful. EKU prides itself on being a leader and innovator in the realm of campus safety. Mr. Makinen encouraged the members to continue to support safety innovations on campuses, as they are ideal small communities to test new strategies which may be proven and then expanded to larger levels.

Mr. Gary Folckemer, Director of Emergency Management and Security, Eastern Kentucky University, spoke of the need for campus security personnel to work as a team in response to emergency situations. His office provides consultation, advice, resource response, and recovery services at the request of first responder partner agencies both on and off campus. Emergencies always begin and end at the local level, even if they sometimes grow to include larger community levels and exceed the ability of a local agency to respond. When this happens, outside agencies are contacted to aid and assist. For example, EKU does not provide internal fire rescue or EMS services to the campus community, so these must always be requested from partner agencies. EKU has an emergency management advisory committee which has the following charge, "to provide partnership, wisdom, and guidance to Division of Public Safety personnel and EKU as a whole in furtherance of the emergency management core mission areas of prevention, protection, mitigation, response, and recovery." The goal is to do what is prudent to keep students, faculty, staff, and visitors safe and healthy. This is a collaborative effort and the responsibility of all members of the committee and the community. Mr. Folckemer's office works between first responder agencies to facilitate and coordinate response actions to contain and resolve emergencies.

Mr. Folckemer said that EKU has its own public safety answering point (PSAP) also referred to as a 911 communications center and a fully accredited police department with authority on campus and jurisdiction throughout the county. This is important because the campus is a city within a city and it has property throughout Madison County. Not only does EKU request outside help, but it can also provide assistance to agencies outside the campus when it is requested. There are no barriers to separate the population of the university from the larger community, meaning that people and their problems and needs travel freely on and off campus. This requires a team effort to address.

Mr. Folckemer discussed difficulties that have arisen in complying with the emergency notification provisions of the Clery Act. The act and the Department of Education require that "emergency notifications must be sent upon the confirmation of a significant emergency or dangerous situation involving an immediate threat to the health or safety of students or employees occurring on the campus." However, the act does not specify how this will be done, which remains at the discretion of campus personnel who have implemented multiple communication modalities. EKU uses seven methods: text message, voice calls, emails, RSS feeds to university webpages,

computer message pop-ups on university controlled computers, Facebook, and Twitter. Additionally, consistency is a challenge because each situation is unique and requires different strategies to manage. In response to these challenges, EKU has adopted a layered approach to notifications which means that an initial notification is sent containing relevant, confirmed, and actionable information but which remains somewhat vague. This allows for a very quick response and as more information is available, additional messages are provided with more detail. He emphasized that the process always involves at least two human interactions, the witness who alerts emergency response and the person who writes the alerts. The issuance of a notification is complicated by the fact that the tele communicator is dealing with all the traffic of response and information gathering while trying to compose the alert message. To aid in the process, there are templates in the emergency notification system which can help deliver information more quickly, but remain vague, to facilitate prompt action from recipients. Within the first 30 minutes of an alert there is an attempt to provide at least some resolution or closure notification to the community, with final resolution sometimes taking hours, days, or even weeks of investigation.

In response to questions from Representative Smart regarding Clery Act provisions for hate crime reporting, Mr. Folckemer said that crimes must meet the Federal Bureau of Investigation (FBI) definitions before being reported as a hate crime. These definitions require that a crime be linked to a bias and must include a physical injury. Mr. Makinen continued, in response to further questions about the apparent increase in "shelter in place" notifications, that there have been eight notifications this semester as a result of a very conservative approach regarding incidents occurring off campus in contiguous neighborhoods. It has become a policy to notify students of incidents occurring within a one-block radius of campus because it increases student awareness and the safety of the larger community.

In response to questions from Representative Smart, Mr. Makinen said that no regulations relative to campus safety needed to be repealed at this time. A truck for Rock Trucking, LLC was involved in a collision with the pedway crossing Lancaster Avenue onto EKU's campus. The collision caused significant damage to the structure and will require large portions to be removed and replaced. There is no final estimate on cost, but the campus has filed a claim through the state's fire and tornado insurance fund which will cover the costs. The state will continue to negotiate with Rock Trucking's insurance provider to recoup costs. No students were using the pedway at the time of the accident and no injuries were reported.

Responding to a question from Representative Wuchner, Mr. Makinen said that all EKU police officers are sworn officers and go through 23 weeks of peace officer training. Officers who are hired from out-of-state have reciprocal agreements regarding training. All sworn police officers on campus undergo the required 40 hours of continuing education training each year. In answer to her question regarding students' perception of safety surveys, Mr. Makinen said that students are annually informed on

the various ways they can report emergencies, crime, or other threats to campus safety but a survey is not conducted annually. There are occasional campus climate surveys and sometimes questions regarding perception of safety are included in other survey tools. However, he felt that it was best to collect that data in a stand-alone survey tool for better accuracy and depth. Mr. Folckemer added that an anonymous tip line is available for students who wish to use it and a daily police crime and fire log is published online for anyone who wishes to view it. EKU encourages students to “say something” if they “see something.” One of the ways is through the use of the LiveSafe app which was implemented with the assistance of the Student Government Association last year. This app allows for “direct and discreet two-way communication with community safety officials using text, picture, video, and audio” on student smart phones. Additionally, EKU conducts two safety walks a year with students to identify areas of concern on campus.

In response to questions from Representative Riner, Mr. Makinen answered that outside police officers who are on campus for training opportunities are not required to disarm if they are a sworn officer in Kentucky. This increases the safety of the campus, because while they do not have jurisdiction, they are trained and able to respond to emergencies. They increase the overall safety because their presence increases the visibility of law enforcement on campus. Also, female students are allowed to carry pepper spray according to campus policies. They are also encouraged to attend self-defense trainings, known as rape aggression defense or R.A.D. training, sponsored for free by the university so they can defend themselves in the event that they do not have any pepper spray.

Ms. Andrea Anderson, Assistant General Counsel and Title IX Coordinator, Western Kentucky University (WKU), spoke regarding Title IX compliance and sexual assault on campus. She said her office maintains a strictly controlled, internal database of reports of rape and sexual assault on campus. The database includes key details such as when and by whom a complaint is made, the nature of the allegation, notes from contact with key parties, and other key facets including the outcome. This data collection allows them to discover trends. Overall, statistics are in line with national and statewide trends. She noted as well that not every report is made contemporaneous with when the alleged act occurred. From August 1, 2016 through the end of October 2016, there were 13 sexual assault reports made to her office. In three of these incidents, the reporting parties refused to participate in the process or services offered by the Title IX office and one was made anonymously. Seven of the remaining incidents involved highly intoxicated persons and one was made by a male. In all nine of the investigated incidents, the alleged perpetrators were known to the reporting party or victim prior to the incident.

Other trends noted at WKU are that more reports are made at the start of term, some even of incidents which happened prior to attending college, and that most involve the “party scene.” Ms. Anderson stated that her office is trying to address that aspect as well as the use of social media “hook-up” apps which are

a growing source of concern. Additionally, her office encourages students to use technology, such as the “Find-my-Friend” app, to keep apprised of dangerous situations, keep in contact with friends, and contact police in the event of an emergency.

Educating students to be aware of their surroundings and their acquaintances is also part of the training her office provides to all students during freshman orientation. She cited that during the last academic year, a majority of the incidents reported to her office involve non-WKU individuals whom students met on or near campus and assumed were safe because of their proximity. Another aspect that her trainings emphasize is consent and what constitutes consent. She said it is truly shocking how many students do not understand the concept of consent. She has found different ways to illustrate to students what is and is not consent. One of these is a short video, which she shared with the committee, which likened initiating sex to offering someone a cup of tea.

Another training technique which she has found effective is bystander intervention training, based on the Green Dot training provided at the University of Kentucky. This training promotes intolerance of sexual assault and helps students identify dangerous situations and intervene. She shared another video, titled “A Bear Kills One in Five,” with the committee which illustrated the absurdity of ignoring sexual assault through the use of humor. Finally, she spoke to the need for teamwork between not only campus personnel but the local police and other outside agencies such as Hope Harbor, a sexual trauma recovery center in Bowling Green, Kentucky. These partnerships allow for the best outcomes of due process and recovery for victims.

In response to a question from Chairman Howard, Ms. Anderson stated that there are likely high levels of underreporting because victims do not feel comfortable making a report, but the data cannot be easily compared with other data sets on rape and sexual assault. The data she presented in the meeting only reflects reports from August 1, 2016 to the end of October 2016 and some of the reports are of incidents that happened before the reporting parties were WKU students.

Responding to questions from Representative Smart, Ms. Anderson said that all students are required to receive a prescribed rubric of training, typically during freshman orientation. Faculty and staff also receive training on sexual assault and abuse. Students are strongly encouraged to take the training a second time during matriculation, but it is not mandatory. Safe sex practices are not part of the training provided by her office, neither are alcohol abuse awareness trainings.

Mr. Brian Kuster, Vice President of Student Affairs and Executive Director of the Student Life Foundation, spoke in regards to active shooter preparedness on WKU’s campus. He shared that WKU was recognized by the National Safety Council as a Safe Community in America for prioritizing safety by involving the community in prevention measures. One current initiative is training on response to an active shooter on campus. He shared a video produced by WKU that encourages students to take one of three

actions during an active shooter incident. First, they should run if it is an option, get to a safe location, and contact 911. Secondly, if they cannot get away, they should hide, barricade their doors, and stay silent until help arrives and an all-clear is issued. Finally, if they cannot take either of those two actions, they are encouraged to arm themselves with any makeshift weapons they can find (scissors, fire extinguishers, heavy objects, etc.) and fight the intruder. This is a last resort option but should buy the necessary time until WKU’s trained response officers can apprehend the intruder. Additionally, WKU has implemented and encouraged use of the Guardian app, similar to EKU’s LiveSafe app, to provide students immediate access to emergency management and response personnel.

Representative Riner echoed Representative Smart’s remarks regarding needing to address the root of problems on campus, alcohol abuse. He said that if they wanted to seriously address this issue they should ban all alcohol use as the United States military has done with its soldiers in order to protect the safety and security of military base installations.

Mr. Kenneth Marks, Director, Facilities Support Services and Capital Projects, Kentucky Community and Technical College System (KCTCS), and Mr. Wendell Followell, Vice President, KCTCS came forward to discuss safety and security at KCTCS. Chairman Howard said that as a former dean of students at a college where three students were murdered, he was very interested in the information about KCTCS’s strategies toward student safety. Mr. Marks said that KCTCS is unique in comparison to the other public colleges and universities in that it has oversight of 16 colleges and more than 70 campuses. There are approximately 80,000 students attending the colleges for credit in 74 counties across the Commonwealth. KCTCS recently performed some organizational changes at the system level including repurposing an existing position within Facilities Support Services and hiring a Director of Operations and Emergency Services. This position will oversee environmental health and safety and the emergency operational plans for the system. This individual will start on December 1, 2016. Mr. Followell added that each college has its own personnel dedicated to environmental health and safety and emergency operations. The system head helps coordinate and provide aggregate information collecting and dissemination.

Mr. Marks said that while security is managed at the local level, the campuses do not have any sworn police officers. KCTCS contracts for security forces and direct hire security personnel. Mr. Followell commented that each campus therefore has the freedom and flexibility to address its own needs, resulting in variation from one campus to the next. Mr. Marks said that KCTCS is also currently undergoing some modification and improvement to its notification systems. KCTCS is moving to a cloud based platform that will allow it to employ text, email, and voice message/phone calls to mobile and landline phones, depending on the preferences of students when they sign up for the service. Previously, KCTCS did not have the ability to contact students on mobile phones which caused a significant delay in the ability to reach today’s students. Mr. Followell said that

notifications are made on a per-campus basis because, with distribution across the state, an emergency on one campus is not necessarily going to be affecting any of the others.

Mr. Marks next gave an overview of some of the security hardware in place at KCTCS campuses which includes cameras, call boxes, and lighting. All new facility designs include security measures and infrastructure for future expansion. KCTCS is in the process of updating emergency operation plans. KCTCS issued a contract to standardize college emergency operational plans using the National Incident Management System (NIMS) which will provide a comprehensive, national approach to incident management. Because of the widespread campuses, KCTCS will continue to utilize a regional approach for resource management. Mr. Followell said the plans also include training for individual campus personnel as well as cross training practices to “train the trainers” in best practices. This will develop inter-system understanding of issues faced on all the KCTCS campuses that may not have been experienced personally on an individual campus.

As part of compliance with the Clery Act, KCTCS has just completed a full GIS map of all campuses. Additional information will be added to these maps as it is available, such as utilities locations, which will aid not only emergency management but also general campus maintenance. Finally, Mr. Marks spoke to the training that is provided on campuses to students, faculty, and staff. These include Title IX training for employees, Title IX – Sexual Violence Elimination (SaVE) Act student training, campus active shooter training and exercises, hazard communications training, safety awareness, blood-borne pathogens, job safety analysis, and fall protection. KCTCS strives to cover more than emergency situation safety by covering everyday safety as well. Mr. Followell said that an example of this is the annual inventory and maintenance of chemistry laboratories to prevent an accumulation of expired and potentially dangerous chemicals in areas where students will be on a regular basis. He said that he has asked the Office of Internal Audits to ensure that, while conducting on-campus fiscal and management audits, it perform visual inspections to ensure that doors are secure, fire extinguishers are well maintained, and other general safety measures are being met.

Responding to a question from Chairman Howard, Mr. Followell said that there is a challenge regarding the rural/urban makeup of the colleges. Many people come onto the campus who are members of the public, not students. KCTCS is striving to keep the level of training high but also tailored to the specific needs of each campus. The plans to institute cross-training should help them reach this goal. Mr. Marks said that involving the members of the communities which surround the KCTCS campuses is also critical to maintaining safety for all students, faculty, staff, and visitors.

Mr. King encouraged members to remember the testimony heard today, especially in regards to funding. When legislators ask questions about the funds spent on non-faculty personnel, this is a substantial part of the answer, particularly on residential campuses, where there is an added responsibility to maintain

safety all day, every day. He also highlighted the LiveSafe app, mentioned earlier by Mr. Folkemer, and spoke to its importance in the highly mobile and technological campus culture across the state today.

Mr. King addressed the perplexing issue of underage and binge drinking among young adults. In his experience, alcohol is a factor in practically every instance of injury or accident to students on campus. The Council on Postsecondary Education has consulted with experts from around the country who are developing methodologies to connect with young people and encourage them to be responsible in their use of alcohol. However, there is no one easy answer to this problem. Banning alcohol only compounds the issue by raising the incidence of drinking and driving as students go off campus to drink and then return intoxicated. A statewide conference on campus safety held last month on EKU’s campus focused on alcohol as a top priority.

Chairman Howard announced that this was the last meeting of the Subcommittee on Postsecondary Education during the legislative interim. He thanked members of the committee for their service and adjourned the meeting at 11:25 a.m.

INTERIM JOINT COMMITTEE ON LOCAL GOVERNMENT

Minutes of the 5th Meeting of the 2016 Interim

November 16, 2016

Call to Order and Roll Call

The fifth meeting of the Interim Joint Committee on Local Government was held on Wednesday, November 16, 2016, at 10:00 AM, in Room 171 of the Capitol Annex. Senator Joe Bowen, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Joe Bowen, Co-Chair; Stan Humphries, Christian McDaniel, Dorsey Ridley, and Dan “Malano” Seum; Representatives Linda Belcher, Ron Crimm, Mike Denham, Richard Heath, Adam Koenig, Brian Linder, Tom McKee, Michael Meredith, Phil Moffett, Jody Richards, Arnold Simpson, James Tipton, Jim Wayne, and Susan Westrom.

Guests: House District 70 Representative-Elect John Sims; Henderson County Magistrate Bruce Todd; Union County Judge/Executive Jody Jenkins; Shellie Hampton and Roger Recktenwald, Kentucky Association of Counties; Steve Milby, David Moore, and Tim Coconougher.

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

Approval of Minutes

Upon the motion of Representative McKee and second by Senator Seum, the minutes of the October 26, 2016 meeting were approved.

Kentucky Association of Counties’ Legislative Platform for the 2017 Session of the General Assembly.

Henderson County Magistrate Bruce Todd and President-Elect of the Kentucky Association of Counties (KACo) outlined KACo’s 2017 legislative platform after discussing the makeup of KACo and the process it uses to establish its legislative priorities.

KACo wishes to explore separating the County Employees Retirement System (CERS) from the

Kentucky Retirement Systems (KRS). CERS is currently 60% funded and an autonomous retirement system board would focus only on its members and have investment decisions based solely upon the system’s financial needs. Changes in legislation designed to improve the finances of KERS are not always be necessary for CERS. CERS will be in a position to offer its retirees a cost of living adjustment at an earlier date than the Kentucky Employees Retirement System (KERS)

Pension spiking reform was included in 2013 Senate Bill 2. Public employers are invoiced for any increase in creditable compensation greater than ten percent in the final five years of that employee’s employment. While purposefully padding an employee’s compensation to increase retirement benefits is wrong, so is penalizing the employer when a spiking event is triggered from what is considered to be a legitimate circumstance. Many circumstances may be considered spiking when an abuse is not intended. Examples of these are Family Medical Leave Act (FMLA) events; taking sick leave without pay; and workers compensation events. The employers are sent an invoice regardless of the employee’s intent. Since January 2014, county employers have received over \$400,000 in spiking invoices. KACo is working with stakeholders and the Kentucky Retirement Systems to identify and redefine events that presently qualify as spiking that are not intended to increase retirement benefits in a manner contrary to the intent of the original legislation.

Union County Judge/Executive Jody L. Jenkins and first vice-president of KACo noted that the transfer of individuals from one department to the other can trigger the spiking provisions. The awarding of overtime in response to the training required by the peace officer professional standards requirements can also trigger the spiking provisions.

Regarding tax reform, Kentucky’s tax code has not kept current with the economy. The local investments for transformation tax should be an option for local governments. It is the most democratic process and would reduce the need for local governments to turn to Frankfort for the funding for local projects. The outdated tax system combined with unfunded mandates pits counties against cities in the competition for limited revenues. Legislators have said that they do not wish to pit counties and cities against each other for limited revenues. Increasing property taxes is an option that is not favored by constituents or governments, but is sometimes necessary by these mandates.

Sometimes mandates passed down to local governments are represented as a tax cut or a savings at some level, but in reality they are passed down and picked up by the local governments. Counties are left with three choices: cut services, lay off employees, or raise revenues to cover those expenses—sometimes counties must use all three.

KACo has asked the Governor to include them in tax reform efforts and makes the same request of the General Assembly.

Jail funding is an issue. Last fiscal year, fiscal courts have collectively transmitted an additional \$81 million dollars to jails. People who do not die from heroin laced with fentanyl overdoses are arrested

and brought to jail. The number of misdemeanants and pre-trial felons is higher in county jails than ever before. As a state we are not successful in rehabilitating drug addicts. These people end up back in county jails. Drug crimes often involve property crime because of the needs to fuel the habit. Oftentimes, an addict who is returned to jail is charged with a second crime which then triggers persistent felon status which increases jail time. Controlled intake prisoner numbers have doubled than in past years. The state is not classifying prisoners as quickly as in the past which keeps them in the county jails longer. The parole rate has decreased as a result of a crime of a paroled felon. Many judges have stopped the issuance of bail and bond credits. KACo hopes bail and bond credits will again be issued in higher numbers.

Another issue KACo considers a priority is the road fund. Magistrate Todd said that dramatic reductions in gas prices have left the gas tax receipts \$130 million below original 2016 estimates. The "Pause-50" plan put in place by the Transportation Cabinet this summer has stopped badly-needed projects until the road funding base can be rebuilt. Counties collectively spent \$48 million out of their general budgets for road projects. Counties are responsible for over 40,000 miles of roads. City annexation of tax-lucrative areas should be noted as a challenge. Roads are not the only infrastructure needs, and the conversation should turn to modernizing funding for all these infrastructure needs.

Judge Jenkins noted that construction timing issues may result in road funds allocated to counties being expended in different times of the year and this fact may contribute to the appearance that counties do not expend all the road funds allotted to them. The funds are spent and spent for the purposes for which they are provided. KACo supports measures that contribute to the future integrity of the road fund and distribution of the formula which continues to reflect safety and economic development needs of the counties. KACo remains willing to discuss these measures with the stakeholders.

Senator Bowen commented that the committee knows that counties are challenged as well as cities. He supports removing the CERS from under the KRS umbrella.

In response to a question from Senator Bowen, Judge Jenkins replied that there has been no discussion with KACo's legislative committee regarding removing the occupation tax and using LIFT instead. Ms. Shellie Hampton, Director of Governmental Relations for KACo, added that the legislative committee would have to see the numbers because not all 120 counties have an occupational tax. LIFT does not work for everyone.

Representative Wayne commented that counties' options for revenue should be examined. County officials should be cautious who they represent because LIFT hurts the working people and helps the wealthy. An income tax would be fairer. It would be much better if counties had a user fee rather than tapping into the general fund.

Representative McKee commented that he had not heard transport jailers mentioned, which are very important. Be aware of the criticism of transport jailers.

Ms. Hampton agreed that that transport jailers are important.

Representative Koenig told the panel to contact legislators regarding the office of constable.

In response to a question from Representative Koenig, Ms. Hampton said the counties' "ask" was going to be the same as it has the last three sessions which is some reasonable exemptions regarding pension spiking reform. Counties are not asking to repeal spiking.

Consideration of Referred Administrative Regulations

The committee considered referred administrative regulations promulgated by the Department of Housing, Buildings and Construction: 815 KAR 20:020 (Plumbing: parts or materials list; 815 KAR 20:080 (Plumbing: waste pipe size); 815 KAR 20:090 (Plumbing: soil, waste, and vent systems); and 815 KAR 20:120 (Plumbing: water supply and distribution). Commissioner Steve Milby, David Moore, Director, Division of Plumbing, and Tim Coconougher, Staff Attorney, represented the Department. Mr. Moore outlined the proposed changes to the administrative regulations. Senator Bowen stated that a written report of the review would be submitted to LRC.

Senator Bowen announced that this would be the last meeting of the interim. He recognized the non-returning members and thanked them for their service.

There being no further business, the meeting was adjourned at 10:50 a.m.

INTERIM JOINT COMMITTEE ON APPROPRIATIONS AND REVENUE Budget Review Subcommittee on Postsecondary Education Minutes of the 4th Meeting of the 2016 Interim

November 21, 2016

Call to Order and Roll Call

The fourth meeting of the Budget Review Subcommittee on Postsecondary Education of the Interim Joint Committee on Appropriations and Revenue was held on Monday, November 21, 2016, at 10:00 AM, in Room 169 of the Capitol Annex. Senator Stephen West, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Stephen West, Co-Chair; Representative Arnold Simpson, Co-Chair; Senators Danny Carroll, C.B. Embry Jr., and Johnny Ray Turner; Representatives Jim DeCesare, Derrick Graham, Cluster Howard, Kenny Imes, Reginald Meeks, and Jody Richards.

Guests: Mardi Montgomery, Legislative Liaison, Kentucky Education and Workforce Development Cabinet; Dr. Carl Rollins, Executive Director, Kentucky Higher Education Assistance Authority (KHEAA); Becky Gilpatrick, Director of Student Aid Services, KHEAA; David Lawhorn, Program Manager, Kentucky Education Savings Plan Trust (KESPT); and Senator David Givens.

LRC Staff: Jim Bondurant, Amie Elam, Jennifer Krieger, and Chuck Truesdell.

Approval of Minutes

Representative Rudy made a motion, seconded by Representative Simpson, to approve the minutes of the September 19, 2016, meeting. The motion carried by voice vote.

Education and Workforce Development Cabinet

Mardi Montgomery, Legislative Liaison, Education and Workforce Development Cabinet, gave a presentation to the committee regarding Kentucky's Dual Credit Scholarship Program. Ms. Montgomery presented a chart to show that in the fall of 2015, 16,659 Kentucky high school students were enrolled in dual credit courses. In the fall of 2016, 22,707 Kentucky high school students were enrolled in dual credit courses. A map was included to show the areas of the state that are involved in the Work Ready Initiative.

In response to a question from Senator West, Ms. Montgomery said that a 30-day payout period would work better for some of the school districts across the state. Dr. Rollins stated that KHEAA would only make a payment after a student completes a course successfully.

Kentucky Higher Education Assistance Authority

Dual Credit

Dr. Carl Rollins, Director, KHEAA, and Becky Gilpatrick, Director of Student Aid Services, KHEAA, gave a presentation on the Dual Credit Scholarship Program and Kentucky's Affordable Prepaid Tuition (KAPT). The presentation included legislative history, institution eligibility, application and awards, and funding for the programs.

In response to a question from Senator West, Ms. Gilpatrick said there are 240 schools participating in the Dual Credit Scholarship Program.

In response to a question from Rep. Graham, Ms. Montgomery said that there is a shortage of teachers to fill the growing needs related to the program. She added that the University of Kentucky provided funds for Fayette County teachers to become adjunct professors. Dr. Rollins said that a breakdown of performance would be provided in February.

In response to a question from Senator Givens, Ms. Gilpatrick said there has been an excellent collaboration between the high schools and colleges. Dr. Rollins added that each university has the responsibility to ensure dual credit courses are rigorous and quality programs.

In response to a question from Senator D. Carroll, Ms. Montgomery said that dual credit is an excellent recruiting tool for postsecondary institutions. Dr. Rollins stated that dual credit courses are likely making the postsecondary institutions money.

In response to a question from Representative Stone, Dr. Rollins said a database does exist to provide information on the both the immediate and long-term success of students enrolled in dual credit courses.

Mary Jo Young Scholarship

Becky Gilpatrick, Director of Student Aid Services, KHEAA, gave an overview of the Mary Jo Young Scholarship. The Mary Jo Young Scholarship assists students ineligible for the Dual Credit Scholarship Program.

In response to a question from Senator West, Ms.

Gilpatrick said that homeschools present a unique set of challenges in respect to communicating the availability of scholarships. Dr. Rollins added that it is indicated on KHEAA's website that this scholarship is available to homeschool students that meet the eligibility requirements.

In response to a question from Representative Rudy, Ms. Gilpatrick said that the number of participating private school and homeschool students is relatively small, due to the above-mentioned communication issues.

Kentucky's Affordable Prepaid Tuition (KAPT)

David Lawhorn, Program Manager, KESPT, gave an overview of KAPT. In his presentation, he included information on recent changes and the program's actuarial status.

In response to a question from Representative DeCesare, Mr. Lawhorn said that 95 percent of obligations are based on the University of Kentucky's tuition rates. He said that projecting future obligations is part of the overall analysis.

In response to a question from Senator West, Dr. Rollins that there is a 15 member board that oversees investments. He said that investments are subject to review and open records. Dr. Rollins said that changes made in 2014 allowed the KHEAA to stop some of the abuse of the program, and yielded a savings of \$20 million.

In response to a question from Representative Stone, Mr. Lawhorn said the projected investment rate of return for 2016 was 5.74 percent.

There being no further business before the subcommittee, the meeting was adjourned at 11:26 a.m.

INTERIM JOINT COMMITTEE ON APPROPRIATIONS AND REVENUE Budget Review Subcommittee on Transportation

Minutes of the 4th Meeting of the 2016 Interim

November 21, 2016

Call to Order and Roll Call

The fourth meeting of the Budget Review Subcommittee on Transportation of the Interim Joint Committee on Appropriations and Revenue was held on Monday, November 21, 2016, at 10:30 AM, in Room 129 of the Capitol Annex. Representative Leslie Combs, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Leslie Combs, Co-Chair; Senators Jimmy Higdon, and Dennis Parrett; Representatives Hubert Collins, Dennis Keene, Sal Santoro, and Jim Stewart III.

Guests: Andy Barber, Deputy State Highway Engineer and Executive Director, Office of Project Delivery and Preservation, Kentucky Transportation Cabinet (KYTC), and Marshall Carrier, Project Manager for the Mountain Parkway Project, Department of Highways, KYTC.

LRC Staff: Justin Perry, Jeff Schnobrich, and Jay Jacobs.

Update and Funding Breakdown for Upcoming Salary Adjustments

Andy Barber, Deputy State Highway Engineer and Executive Director of the Office of Project Delivery and Preservation, KYTC, gave an overview of the upcoming salary adjustments for a number of maintenance and engineering job classifications. The adjustments will affect about 2,600 employees and will cost the agency \$31 million annually, inclusive of salary and benefits. These salary increases are expected to be a net positive which will decrease turnover and allow the agency to do more work in-house for snow and ice removal, culvert repair, and other items that have previously been contracted out. The salary increases will affect new hires, and there will be anti-compression adjustments for current employees.

In response to a question by Senator Parrett, Mr. Barber stated that the savings will come from reducing more expensive contract work such as snow and ice removal which will result in a \$9 million savings alone. Existing equipment is available and operators are needed. There will also be a reduction in training costs due to employee retention. Savings will also come from bringing cable barrier repair and pavement repair in-house.

In response to a question by Representative Keene, Mr. Barber stated that the current starting hourly rate for a Highway Equipment Operator (HEO) with the state is \$10.20 per hour and the recommended rate increase is \$3.07, for a total of \$13.27 per hour. This increased rate will make the position a lot more attractive and competitive.

In response to questions by Representative Collins, Mr. Barber stated that the first raise after an employee is hired comes after six months when they complete their probationary period and receive a five percent raise. Typically it would take around two years for that employee to move up to the next pay tier and they could possibly max out in the HEO series at a Highway Superintendent II which would put them at an entry rate of \$19.04 per hour under the recommended pay scale.

In response to a question by Chair Combs, Mr. Barber stated that the anticipated date for implementation is December 16, 2016, though this is not yet finalized.

In response to a question by Senator Higdon, Mr. Barber stated that most employees impacted by these adjustments are on a forty hour work week, and are on emergency call during snow and ice events.

In response to questions by Representative Stewart, Mr. Barber stated that these raises do not impact all the employees in the district and field offices and that he is not sure who may be contacting legislators next looking for a raise. These raises do not cover administrative support personnel.

In response to a question by Chair Combs, Mr. Barber stated the raises only affect the maintenance series and some engineering classifications. Current and past raises will affect about 90 percent of the cabinet's employees.

Senator Parrett commented that HEOs and other maintenance workers were the primary area of concern according to conversations he had been involved in.

Representative Collins made a motion that Mr. Barber provide a summary of the discussion today

of the categories that have been affected, a chart on the raises, and the anticipated start date with a note that it is subject to approval by the Personnel Cabinet and the Office of State Budget Director. The motion was seconded by Senator Parrett and all were in favor. The motion passed and a copy of the summary will be provided to the Chair and members of the Interim Joint Committee on Transportation as well as the Chair of this Committee as soon as possible.

Status of Major Road Projects

Marshall Carrier, Project Manager for the Mountain Parkway expansion project, KYTC, gave a history, overview, and update of the expansion of the Mountain Parkway. Design changes have resulted in cost savings of approximately \$40 million relative to initial estimates, and a federal TIGER grant of \$24 million for Restaurant Row in Salyersville sped up construction of that segment. Initial estimates for the project were \$753 million in 2014, and as of November 2016, \$283 million of this has been authorized.

Chair Combs applauded the efforts made to break the project into smaller sections which has made the project run very smoothly. She commented that the focus needs to remain on economic development by using in-state contractors. She noted the importance of developing a system of four-lane highways throughout the Commonwealth, of which the Mountain Parkway is just one.

In response to questions by Representative Collins, Mr. Carrier stated there are currently 86 access points in Salyersville in about a two-mile stretch. They are shifting to a limited access mentality where direct access to the main line will be restricted down to essentially four stop lights. There will be a series of frontage and backage roads that will service the fronts of some properties and the backs of other properties. One key aspect is maintaining access during construction. Social media and a website are being utilized to keep people informed during the project. Some of the business access points will shift from the front of the property to the back. These changes address safety concerns and crash histories that have been prevalent in that area for some time. Right-of-way issues for businesses are being addressed by agency attorneys. West of Salyersville, there were originally three project segments let separately to multiple contractors; however, due to business reorganizations, there is now one contractor completing the segments as one, which improves efficiency. Excess fill material is available to be used by the county for a potential industrial site.

Mr. Barber gave an update on a number of other major projects. The Downtown Crossing portion of the Louisville-Southern Indiana Ohio River Bridges project, for which the KYTC served as the lead agency, reached substantial completion in November 2016, ahead of schedule and on budget. The Kentucky Lake bridge opened to traffic in summer 2016 and is scheduled to be completed by the end of 2016. The Lake Barkley bridge project is scheduled to be completed in fall 2017. The I-65 widening project from Elizabethtown south to Sonora is scheduled to be completed in fall 2018, with the portion just south of that scheduled to be completed by June 30, 2017. The I-75 widening project in Rockcastle County will be broken into three sections, with the northernmost

section scheduled to be let in December 2016, the middle section in summer 2017, and the southernmost section in spring 2018. The I-65 and I-75 widenings are from two lanes in each direction to three in each direction.

Chair Combs stated that this is her last meeting before her upcoming retirement and it has been an honor and privilege to serve the citizens of the Commonwealth.

Chair Combs made a motion to adjourn in honor of Representative Collins, the motion was seconded by Senator Parrett, and all were in favor. The motion passed and the meeting was adjourned at 11:55 AM.

INTERIM JOINT COMMITTEE ON ECONOMIC DEVELOPMENT AND TOURISM

Minutes of the 5th Meeting of the 2016 Interim

November 17, 2016

Call to Order and Roll Call

The 5th meeting of the Interim Joint Committee on Economic Development and Tourism was held on Thursday, November 17, 2016, at 1:00 PM, in Room 169 of the Capitol Annex. Representative John Short, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Alice Forgy Kerr, Co-Chair; Representative John Short, Co-Chair; Senators Perry B. Clark, Denise Harper Angel, Ernie Harris, and Wil Schroder; Representatives Lynn Bechler, Kevin D. Bratcher, George Brown Jr., Hubert Collins, Leslie Combs, Tim Couch, Mike Denham, Jeffery Donohue, Myron Dossett, Chris Harris, Richard Heath, Cluster Howard, Kim King, Brian Linder, Tom McKee, Terry Mills, David Osborne, Dean Schamore, Arnold Simpson, Fitz Steele, Wilson Stone, Jeff Taylor, Russell Webber, and Jill York.

Guests: Donnie Holland, Commissioner, Rob Richards, Deputy Commissioner, and Gil Lawson, Public Information Officer, all with Department of Parks; David Ledford, President and CEO, Appalachian Wildlife Foundation; Karen Waldrop, Deputy Commissioner, Fish and Wildlife; Debbie Spencer, President, WMTH Corporation; J.L. Smith, Breathitt County Judge Executive.

LRC Staff: John Buckner, Chip Smith, and Karen Brady.

Minutes

A motion was made and seconded to approve the minutes from the October meeting and carried by voice vote.

Kentucky State Parks “Refreshing the Finest”

Over a year ago, the Kentucky State Park system identified \$241 million in deferred maintenance and repair needs. During the 2016 Session, an additional \$18 million in capital funding was approved by the General Assembly.

The Department has begun work on 51 projects, and have completed numerous safety and aesthetic projects at six parks. The work of the Refreshing the Finest campaign will continue throughout most of 2017. Commissioner Holland stated that all projects

are on time and on budget.

Commissioner Holland spoke on new things that the Department is doing to improve the parks. The parks now have expanded reservation capabilities through Expedia and other online platforms, and this has already generated \$100,000 in new sales. Digital marketing has been enhanced. All lodges will remain open seven days a week this winter. Nine parks now have alcohol sales and this will be expanded to 12 resort parks by early 2017.

In response to a question from Representative McKee, Commissioner Holland addressed siltation problems at some of the lakes at state parks. He stated that this was a predictable problem, and one that will have to be watched and monitored in the future.

Appalachian Wildlife Center

The Appalachian Wildlife Center plans to open in June of 2019, in Bell County. It is located on 12,000 acres, of which 5,000 have been mined and reclaimed. Elk will be the marquee species for viewing. David Ledford stated that in the fifth year, the center will host 638,000 annual visitors, who will spend \$124 million annually in the region. This amount of spending should equate to 2,000 jobs created for the region.

The center has a \$24.5 million capital expense budget, and is over halfway there. This year it has raised \$15.1 million, and has also received several grants (\$1.8 million Appalachian Regional Commission Power Initiative grant and \$12.5 million Abandoned Mine Lands Pilot Program grant).

The Wildlife Center will reach over 100,000 students a year (K-12) with educational programs. Mr. Ledford stated they are going to hire school teachers to design the programs. It is also going to fund \$200,000 in college scholarships each year.

The center is being modeled from a similar venture in Pennsylvania, which has had huge success. Mr. Ledford is confident that the Appalachian Wildlife Center can exceed the Pennsylvania results. The Appalachian Wildlife Center will be much bigger, and also have a broader range of activities, such as birdwatching and a 15-20 mile scenic drive. Mr. Ledford also emphasized the center's location, which is within an hour of three interstates.

Mr. Ledford stated that by its tenth year, regional economic impact will surpass \$1 billion.

Multistate Trail System

Debbie Spencer spoke on developing a trail system in eastern Kentucky. She gave examples of places in Virginia and West Virginia that have done this, and spoke about the economic investment, jobs, and tourism it has brought to those areas.

Southeast Kentucky has over 600 miles of public ATV trails already in existence, and over 200 miles of horse trails. If Kentucky were to add trails for motorcycles, canoes, hiking, and biking, it would far exceed anything that Virginia or West Virginia offers.

Ms. Spencer stated there are 19 counties in the southeast region of the state that are under a coalition and partnered together. Sixteen of them have passed resolutions that they want to work together, but in order to do so they need an Authority.

Ms. Spencer emphasized the fact that Kentucky already has trails in place, it is just missing out on charging a fee to use them. Once Kentucky has an Authority in place, Virginia and West Virginia would like to partner with Kentucky.

In response to comments from Representative Collins, Ms. Spencer stated that if the Authority gets formed, it would market the trails in eastern Kentucky.

There being no further business, the meeting was adjourned.

INTERIM JOINT COMMITTEE ON BANKING AND INSURANCE

Minutes of the 4th Meeting of the 2016 Interim

November 29, 2016

Call to Order and Roll Call

The 4th meeting of the Interim Joint Committee on Banking and Insurance was held on Tuesday, November 29, 2016, at 10:00 AM, in Room 149 of the Capitol Annex. Representative Jeff Greer, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Tom Buford, Co-Chair; Representative Jeff Greer, Co-Chair; Senators Julie Raque Adams, Chris Girdler, Christian McDaniel, Morgan McGarvey, Dennis Parrett, Dorsey Ridley, Albert Robinson, John Schickel, and Dan “Malano” Seum; Representatives Ron Crimm, Mike Denham, Chris Harris, Dennis Horlander, James Kay, Dennis Keene, Adam Koenig, Michael Meredith, David Osborne, Sannie Overly, Ruth Ann Palumbo, Steve Riggs, Bart Rowland, Jonathan Shell, Kevin Sinnette, Fitz Steele, Wilson Stone, Tommy Thompson, James Tipton, and Ken Upchurch.

Guests: Charles Vice, Commissioner, Kentucky Department of Financial Institutions.

LRC Staff: Sean Donaldson, Dale Hardy, and Dawn Johnson.

Approval of Minutes

A motion by Representative Steele and second by Representative Crimm to approve the minutes of the September 27, 2016, meeting carried by voice vote.

Resolutions

The committee presented resolutions to outgoing members Senator Girdler and Representatives Ron Crimm, Mike Denham, Fitz Steele, and Tommy Thompson for their years of service on the Banking and Insurance Committee. Co-Chair Buford presented a resolution on behalf of the committee to Co-Chair Greer for his tenure as house chairman of the committee. A motion by Senator Seum and second by Representative Rowland to approve the resolutions carried by voice vote.

Update on State of Kentucky Financial Industries

Charles Vice, Commissioner of the Kentucky Department of Financial Institutions presented an end-of-year report on issues relating to the financial industry.

Commissioner Vice gave an overview of the banking industry in Kentucky. Commissioner Vice expressed concern that on a national level there is a

tremendous concentration of economic power in a relatively low number of banks. Seventy-five percent of industry assets in 2016 are controlled by banks with \$10 billion or more in assets. There is a similar trend in Kentucky with significant consolidation within the industry from 2012 to 2015. Commissioner Vice said that Kentucky banks have outperformed state charter banks throughout the United States. The number of smaller banks in the state has decreased along with the number of banking employees.

Commissioner Vice explained that the purpose of the 2016 Community Bank Conference was to relate the importance of community banks to economic activity at the local, state, and national level. Topics included academic papers, banker interviews and surveys, and university case studies. A case study of Paducah Bank, submitted by Murray State University was chosen as a finalist. Issues of concern expressed by bankers included economic conditions, competition with large financial entities in areas such as ease of access to credit and compliance burden, and the regulatory environment.

Commissioner Vice discussed current cybersecurity issues including ATM skimmers, hacking attacks including ransomware, corporate account takeover, and third party service providers.

Regarding the Wells Fargo scandal, Commissioner Vice expressed concern that consumers received virtually no compensation from the \$190 million fine paid by the company. He suggested incentive plans have more oversight to prevent similar incidents.

Responding to Representative Harris' question, Commissioner Vice said removing some of the over burdensome regulations will benefit small banks. Regulations should be tailored to a bank's business model with consideration of risks taken.

In response to Representative Riggs' question, Commissioner Vice said his concerns about large financial institutions include the lack of oversight and the impersonalization towards providing smaller business loans to communities.

Responding to Senator Seum's question, Commissioner Vice said he did not know why there was not more punishment given to those directly involved in cases like Wells Fargo. There may be a statute of limitations since some cases take a long time to investigate. He said it may difficult to find witnesses willing to testify in fraud cases.

Responding to Senator Parrett's question, the commissioner said he thought there would be significant changes in the future by removing burdensome regulations from banks.

Representative Denham said cybercrime is one of the biggest threats the banking industry has faced. He noted that "friendly fraud" is an increasing problem with family members accessing bank accounts without permission.

Co-Chairman Buford said the Dodd-Frank Act regulations are cumbersome and need to be addressed.

There being no further business, the meeting was adjourned at 11:35 AM.

INTERIM JOINT COMMITTEE ON APPROPRIATIONS AND REVENUE Budget Review Subcommittee on Postsecondary Education Minutes of the 4th Meeting of the 2016 Interim November 21, 2016

Call to Order and Roll Call

The fourth meeting of the Budget Review Subcommittee on Postsecondary Education of the Interim Joint Committee on Appropriations and Revenue was held on Monday, November 21, 2016, at 10:00 AM, in Room 169 of the Capitol Annex. Senator Stephen West, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Stephen West, Co-Chair; Representative Arnold Simpson, Co-Chair; Senators Danny Carroll, C.B. Embry Jr., and Johnny Ray Turner; Representatives Jim DeCesare, Derrick Graham, Cluster Howard, Kenny Imes, Reginald Meeks, and Jody Richards.

Guests: Mardi Montgomery, Legislative Liaison, Kentucky Education and Workforce Development Cabinet; Dr. Carl Rollins, Executive Director, Kentucky Higher Education Assistance Authority (KHEAA); Becky Gilpatrick, Director of Student Aid Services, KHEAA; David Lawhorn, Program Manager, Kentucky Education Savings Plan Trust (KESPT); and Senator David Givens.

LRC Staff: Jim Bondurant, Amie Elam, Jennifer Krieger, and Chuck Truesdell.

Approval of Minutes

Representative Rudy made a motion, seconded by Representative Simpson, to approve the minutes of the September 19, 2016, meeting. The motion carried by voice vote.

Education and Workforce Development Cabinet

Mardi Montgomery, Legislative Liaison, Education and Workforce Development Cabinet, gave a presentation to the committee regarding Kentucky's Dual Credit Scholarship Program. Ms. Montgomery presented a chart to show that in the fall of 2015, 16,659 Kentucky high school students were enrolled in dual credit courses. In the fall of 2016, 22,707 Kentucky high school students were enrolled in dual credit courses. A map was included to show the areas of the state that are involved in the Work Ready Initiative.

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funding for the programs.

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David Lawhorn, Program Manager, KESPT, gave an overview of KAPT. In his presentation, he included information on recent changes and the program's actuarial status.

In response to a question from Representative DeCesare, Mr. Lawhorn said that 95 percent of obligations are based on the University of Kentucky's tuition rates. He said that projecting future obligations is part of the overall analysis.

In response to a question from Senator West, Dr. Rollins that there is a 15 member board that oversees investments. He said that investments are subject to review and open records. Dr. Rollins said that changes made in 2014 allowed the KHEAA to stop some of the abuse of the program, and yielded a savings of \$20 million.

In response to a question from Representative Stone, Mr. Lawhorn said the projected investment rate of return for 2016 was 5.74 percent.

There being no further business before the subcommittee, the meeting was adjourned at 11:26

a.m.

INTERIM JOINT COMMITTEE ON APPROPRIATIONS AND REVENUE Budget Review Subcommittee on Primary and Secondary Education Minutes of the 4th Meeting of the 2016 Interim

November 21, 2016

Call to Order and Roll Call

The fourth meeting of the Budget Review Subcommittee on Primary and Secondary Education of the Interim Joint Committee on Appropriations and Revenue was held on Monday, November 21, 2016, at 10:00 AM, in Room 169 of the Capitol Annex. Senator Stephen West, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Stephen West, Co-Chair; Senators Danny Carroll, C.B. Embry Jr., and Johnny Ray Turner; Representatives Derrick Graham, Charles Miller, Steven Rudy, and Wilson Stone.

Guests: Mardi Montgomery, Legislative Liaison, Kentucky Education and Workforce Development Cabinet; Dr. Carl Rollins, Executive Director, Kentucky Higher Education Assistance Authority (KHEAA); Becky Gilpatrick, Director of Student Aid Services, KHEAA; David Lawhorn, Program Manager, Kentucky Education Savings Plan Trust (KESPT); and Senator David Givens.

LRC Staff: Jim Bondurant, Amie Elam, Jennifer Krieger, and Chuck Truesdell.

Approval of Minutes

Representative Rudy made a motion, seconded by Representative Simpson, to approve the minutes of the September 19, 2016, meeting. The motion carried by voice vote.

Education and Workforce Development Cabinet

Mardi Montgomery, Legislative Liaison, Education and Workforce Development Cabinet, gave a presentation to the committee regarding Kentucky's Dual Credit Scholarship Program. Ms. Montgomery presented a chart to show that in the fall of 2015, 16,659 Kentucky high school students were enrolled in dual credit courses. In the fall of 2016, 22,707 Kentucky high school students were enrolled in dual credit courses. A map was included to show the areas of the state that are involved in the Work Ready Initiative.

In response to a question from Senator West, Ms. Montgomery said that a 30-day payout period would work better for some of the school districts across the state. Dr. Rollins stated that KHEAA would only make a payment after a student completes a course successfully.

Kentucky Higher Education Assistance Authority

Dual Credit

Dr. Carl Rollins, Director, KHEAA, and Becky Gilpatrick, Director of Student Aid Services, KHEAA, gave a presentation on the Dual Credit Scholarship Program and Kentucky's Affordable Prepaid Tuition (KAPT). The presentation included legislative history, institution eligibility, application and awards, and

funding for the programs.

In response to a question from Senator West, Ms. Gilpatrick said there are 240 schools participating in the Dual Credit Scholarship Program.

In response to a question from Rep. Graham, Ms. Montgomery said that there is a shortage of teachers to fill the growing needs related to the program. She added that the University of Kentucky provided funds for Fayette County teachers to become adjunct professors. Dr. Rollins said that a breakdown of performance would be provided in February.

In response to a question from Senator Givens, Ms. Gilpatrick said there has been an excellent collaboration between the high schools and colleges. Dr. Rollins added that each university has the responsibility to ensure dual credit courses are rigorous and quality programs.

In response to a question from Senator D. Carroll, Ms. Montgomery said that dual credit is an excellent recruiting tool for postsecondary institutions. Dr. Rollins stated that dual credit courses are likely making the postsecondary institutions money.

In response to a question from Representative Stone, Dr. Rollins said a database does exist to provide information on the both the immediate and long-term success of students enrolled in dual credit courses.

Mary Jo Young Scholarship

Becky Gilpatrick, Director of Student Aid Services, KHEAA, gave an overview of the Mary Jo Young Scholarship. The Mary Jo Young Scholarship assists students ineligible for the Dual Credit Scholarship Program.

In response to a question from Senator West, Ms. Gilpatrick said that homeschools present a unique set of challenges in respect to communicating the availability of scholarships. Dr. Rollins added that it is indicated on KHEAA's website that this scholarship is available to homeschool students that meet the eligibility requirements.

In response to a question from Representative Rudy, Ms. Gilpatrick said that the number of participating private school and homeschool students is relatively small, due to the above-mentioned communication issues.

Kentucky's Affordable Prepaid Tuition (KAPT)

David Lawhorn, Program Manager, KESPT, gave an overview of KAPT. In his presentation, he included information on recent changes and the program's actuarial status.

In response to a question from Representative DeCesare, Mr. Lawhorn said that 95 percent of obligations are based on the University of Kentucky's tuition rates. He said that projecting future obligations is part of the overall analysis.

In response to a question from Senator West, Dr. Rollins that there is a 15 member board that oversees investments. He said that investments are subject to review and open records. Dr. Rollins said that changes made in 2014 allowed the KHEAA to stop some of the abuse of the program, and yielded a savings of \$20 million.

In response to a question from Representative Stone, Mr. Lawhorn said the projected investment rate of return for 2016 was 5.74 percent.

There being no further business before the subcommittee, the meeting was adjourned at 11:26

a.m.

PUBLIC PENSION OVERSIGHT BOARD

Minutes of the 8th Meeting of the 2016 Interim

October 24, 2016

Call to Order and Roll Call

The 8th meeting of the Public Pension Oversight Board was held on Monday, October 24, 2016, at 12:00 PM, in Room 169 of the Capitol Annex. Representative Brent Yonts, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Joe Bowen, Co-Chair; Representative Brent Yonts, Co-Chair; Senator Gerald A. Neal; Representatives Brian Linder; Mitchel Denham, Timothy Fyffe, Mike Harmon, James M. "Mac" Jefferson, and Sharon Mattingly.

Guests: J.D. Chaney, Deputy Executive Director, Kentucky League of Cities; Bruce Todd, President-Elect and Henderson County Magistrate, and Shelly Hampton, Director of Governmental Relations, Kentucky Association of Counties; Dave Adkisson, President and CEO, Kentucky Chamber of Commerce; Larry P. Totten, President, Kentucky Public Retirees; Jim Carroll, President and Russell Wright, Vice-President, Kentucky Government Retirees; Cathy Gullett, President, Kentucky Retired Teachers' Association; Steve Shannon, Executive Director, Kentucky Association of Regional Programs; Jim Waters, President, Bluegrass Institute; Donna Early, Executive Director, Judicial Form Retirement System; David Eager, Interim Executive Director, Karen Roggenkamp, C.O.O., and Jennifer Jones, Assistant General Counsel, Kentucky Retirement Systems; Beau Barnes, Deputy Executive Director, Kentucky Teachers' Retirement System.

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

Approval of Minutes

Senator Bowen moved that the minutes of the September 26, 2016, meeting be approved. Mac Jefferson seconded the motion, and the minutes were approved without objection.

Representative Yonts brought attention to items within the file, including: Director Chilton's October 20, 2016 Memorandum regarding the status of the pension performance audit that is anticipated to be completed by December 31; an overview of 2016 legislation impacting the state-administered retirement systems; and the quarterly investment performance of the state-administered retirement systems.

Kentucky League of Cities 2017 Legislative Recommendations

J.D. Chaney, Deputy Executive Director, stated that the League of Cities has a long history as it relates to pension issues and pension reform and is aware of the impact of the public pension crisis here in Kentucky. However, cities and counties are in a different situation with the County Employees Retirement System (CERS) as compared to Kentucky's other public retirement systems. Mr. Chaney stated that CERS is about 60 percent funded and pays over

60 percent of administrative costs. As a top priority, the League of Cities' Board of Directors has voted to develop legislation that proposes separation of CERS from under the jurisdiction of Kentucky Retirement Systems (KRS). The proposal will also provide that all statutory regulated retirement systems, including legacy pension plans and cities, come under the oversight of the Public Pension Oversight Board. The League of Cities wants to address this issue to ensure that the employees and employers in CERS have an opportunity to govern their own system, to address investment experience differently instead of being co-mingled and combined with the other state retirement systems, and to provide adequate staff attention.

Mr. Chaney stated the other issue is spiking as cities get more and more bills and invoices from KRS related to pension spiking. Kentucky was well intentioned with the anti-spiking provisions that were included in SB 2 from 2013, but had not anticipated all the unintended consequences that resulted. Therefore, addressing these concerns will be a priority in 2017.

Kentucky Association of Counties 2017 Legislative Recommendations

Bruce Todd, President-Elect, and Henderson County Magistrate and Shelly Hampton, Director of Governmental Relations. Mr. Todd stated there are four issues to review. First is the continued funding of the ARC for all state-administered retirement systems, which is crucial to the health and welfare of not only the members, but also the unit of governments and their constituents who support them. The Kentucky Association of Counties (KACO) continues to honor this commitment by supporting the inviolable contract. Second is the CERS separation from KRS. CERS funding levels continue to increase and CERS employers are paying 100 percent of the ARC. Benefit changes to future hires should be based on the needs of each system and that a separate board should oversee the benefits, investments and administrative decisions of CERS. Third, county governments continue to push for a resolution to the difficult pension spiking burdens which have created undue hardships to county governments. KACO supported these pension spiking measures when enacted but clarifications are needed to address spiking charges that have resulted from situations where an employee is away from work for legitimate purposes such as FMLA leave and workers compensation. Lastly, the participation in the KRS Medicare supplement insurance benefits by reemployed Medicare eligible retirees should be addressed. This summer KRS sent a notice of termination of health insurance coverage to KRS members who have returned to work for employers who offer group insurance coverage to their employees. It is KACO's understanding that KRS believes this is mandated by Medicare secondary payer laws. KACO's research indicates that the Center for Medicare and Medicaid Systems (CMS) does not take a position that these reemployed workers must participate in a group healthcare plan offered by their employers. KRS has inquired of CMS and awaits its reply.

Kentucky Chamber of Commerce 2017 Legislative Recommendations

Dave Adkisson, Kentucky Chamber President

and CEO, stated that the chamber has asked for the past several years for a full comprehensive performance audit of KRS and is pleased that it is currently taking place. KRS has announced that it is getting out of hedge funds and the resulting higher fees. The chamber is concerned that the systems are not meeting the assumed rates of return on investments, even after the assumed rate of return was lowered for some plans in KRS. The payroll estimates are still potentially overstated, which means future ARCs will be even higher.

The chamber continues to support the key features of SB 2 on transparency including: placing the state-administered retirement system under the Model Procurement Code like the rest of state government, adding members to the KRS Board with investment experience, publicly posting investment fees. The chamber believes these measures should be acted on in the 2017 session.

With regard to the funding in the 2016 session, Mr. Adkisson stated that the chamber is pleased with the commitment by the Governor and the legislature to budget additional and substantial funding for pensions. However, the chamber is somewhat concerned that the extra funds were not accompanied with reforms to the system. The chamber is eager to hear from the consultants doing the current review about how to move forward to make the retirement system structurally sustainable which may include options such as more required years of service, a higher required retirement age, doing away with the spiking costs by including sick days in the final retirement calculation.

One other major issue that overshadows the transparency and funding issues that were discussed in the 2016 session is whether to "save" the Kentucky Teachers' Retirement System (KTRS), or in other words, whether to tweak the system with a few structural changes and balance that with the required funding to make it sustainable so the state can make good on its promises to current and future members or should KTRS be converted to a defined contribution plan similar to the 2013 plan for state and local workers under KRS.

Kentucky Public Retirees 2017 Legislative Recommendations

Larry P. Totten, President, stated that Kentucky Public Retirees (KPR) is a non-profit 501(c)(5) membership organization with a mission to protect and preserve the benefits of public retirees covered by KRS. Mr. Totten stated the two issues that are to be resolved relating to KRS are the Governor's Executive Order relating to the reorganization of KRS that is being challenged in court and awaits a decision by the judge whether its provisions become proposed legislation next year, and the audit of KRS and recommendations for the pension systems.

Mr. Totten discussed a concern with the increased size of the KRS Board. KPR believes balance should be restored between the number of elected and appointed board members so that the appointed members need buy-in from at least some of the elected members before important decisions are made. KPR recommends that KRS 61.650(1) be amended to increase the size of the KRS Investment Committee to seven and mandate that these two

additional seats be reserved for elected members of the board.

KPR believes that conversation must be started regarding the public pension funding issue that will be decided again in 2018. Mr. Totten stated that to the outside observer it will appear that much of the increased funding for public pensions came from a transfer of hundreds of millions of dollars from the Public Employee Health Insurance Trust Fund and, possibly, cuts in the operational budgets throughout state government agencies. He said that, in the next budget, money has to be replicated just to maintain a status quo in pension funding.

Mr. Totten stated that it is time to review the state tax expenditures, not only for revenue that might be applied for pension plan recovery, but also for public and higher education, roads, public health, workforce development, and other areas that rely on state government resources. A broader tax base supports the needs of all Kentuckians, and a reformed tax system might mitigate the effects of an inevitable downturn in the economy.

Kentucky Government Retirees 2017 Legislative Recommendations

Jim Carroll, President, stated Kentucky Government Retirees (KGR) is an advocacy group representing more than 8,300 Kentucky Retirement Systems' stakeholders. Mr. Carroll said KGR will continue to advocate additional funding to ensure the long-term stability of the pension funds. KGR fully supports actions that enhance transparency and believes KRS should follow the state model procurement code, follow the best practices in its investment fee disclosures, adoption of the CFA codes of conduct for KRS staff and advisors.

Mr. Carroll said that KGR will be examining bills that address the representation on the KRS board and will support a bill that restores some reasonable measure of representation by elected trustees. KGR is concerned about effort to abandon the cash-balance plan that was adopted as part of 2013 SB 2. The cash-balance plan has done what it was intended to do, namely reduce employer risk and lower long-term costs.

Mr. Carroll stated that any consideration of a 401(k) plan should be accompanied by an actuarial analysis that gauges the fiscal impact on the legacy plans, and that it appears that depriving the legacy plans of new contributors will be a disastrous misstep for a system that is already vulnerable.

Mr. Carroll said he wished to restate what he said in addressing the Public Pension Oversight Board (PPOB) last year, namely that the only reasonable way to provide ARC + in future budgets is through the adoption of comprehensive tax reform and that a tax structure is needed that grows the economy and meets critical needs and that anything less will fail the pension system and fail the economy as a whole.

Kentucky Retired Teachers' Association 2017 Legislative Recommendations

Cathy Gullett, President, stated that the Kentucky Retired Teachers' Association (KRTA) has a membership of 30,000. Teachers' Retirement System (TRS) benefits are critical to the financial security of retired teachers and are particularly important to the older retirees, who are single and rely on TRS for self-

reliance. More than 90 percent of teachers retired over age 80 are single and about 70 percent of those retirees over 80 are single women with TRS as their sole source of income. Contrary to misconceptions that have been expressed about TRS pensions, TRS is not a benefit rich plan.

Ms. Gullett states that recent proposals to bring more transparency to TRS have been coupled by ill-advised provisions to grant Governor appointees a controlling majority on the TRS Board of Directors. KRTA supports transparency. The details of TRS operations and benefits should be easily accessible, and the PPOB should continue to review testimony on TRS investment performance and other issues. However, TRS must continue to be independently governed by its members and not subject to the political influence of the Governor and the legislature.

The recommendations moving forward are to continue funding the annual required contribution of the ARC until TRS is fully funded, keep TRS a defined benefit system group retirement plan, make no changes to TRS governance structure, and require valuations of TRS performances to be based on the long term and not the recent recession period.

In response to a question from Senator Bowen, Ms. Gullett stated once structural changes are proposed, KRTA will determine whether to support the changes.

Kentucky Association of Regional Programs 2017 Legislative Recommendations

Steve Shannon, Executive Director, stated that the Kentucky Association of Regional Programs (KARP) is concerned about pension-spiking provisions as related to unpaid leave time such as military time and leave authorized under the Family Medical Leave Act (FMLA). If a person takes five weeks of uncompensated leave in a one year time period, a spiking provision results in the next year.

Mr. Shannon stated that KARP recommends a provision that excludes FMLA and military leave from the spiking provision or looks at the three year window, the year prior to uncompensated time and the year after. Spiking is a real issue and KARP believes there should be a statutory solution.

Bluegrass Institute 2017 Legislative Recommendations

Jim Waters, President, stated that the Bluegrass Institute is a state-based, free-market public policy think tank founded 13 years ago and is making government at every level a vital mission to become more transparent.

Mr. Waters stated that the board has supported disclosure of retirement systems' investment fees and practices and asked for strong support for transparency into the largely untouched arena of benefit structures and benefits paid to individual retirees. Taxpayers have access to the salaries and benefits of all workers enrolled in the retirement systems if working. However, on the day of retirement, KRS 61.661 pulls the blinds on publicly funded retirement benefits, even though the same taxpayers who fund the working positions also fund the retirement benefits.

The Bluegrass Institute is doing its part by offering legislators the opportunity to lead by example by signing the Legislative Pension Transparency Pledge.

Judicial Form Retirement System 2017 Legislative Recommendations/Investment Update

Donna Early, Executive Director, stated that the Judicial Form Retirement System (JFRS) is the state agency that is charged with the administration of the Judicial Retirement Plan and the Legislators' Retirement Plan. The system's housekeeping bill was passed during the 2016 session and the Board of Trustees supported HB 443, which dealt with retirement funding. At the recommendation of the actuary, JFRS would like to advance this piece of legislation so that it will move from a rolling amortization of unfunded liabilities to a fixed period amortization. Ms. Early anticipates that the board will again support this type of legislation and will welcome debate and dialogue.

Ms. Early stated that the quarterly investment returns ending September 30, 2016, were 2.1 percent for the defined benefit plans and 2.8 percent for the hybrid cash balance plans in each fund. Returns were led by stock portfolios with fixed income providing very low returns.

In response to a question from Representative Yonts, Ms. Early stated in regards to the 25 year level dollar approach to financing unfunded liabilities, an anticipated first year contribution will probably stay the same. With a couple of variables in the proposed legislation, the board believes the contributions will increase depending on market gains or changes to the benefit structures.

Kentucky Retirement Systems 2017 Legislative Recommendations/Investment

David Eager, Interim Executive Director; Jennifer Jones, Assistant General Counsel, and Karen Roggenkamp, Chief Operations Officer discussed the Kentucky Retirement Systems (KRS) legislative recommendations and investment update. Mr. Eager stated that for the quarter ending September 30, 2016, the returns were 3.5 percent to 4.0 percent in each of the five funds and that four of the five KRS funds beat their benchmark. The absolute return asset class was around 4.0 percent.

Ms. Roggenkamp stated that positive steps in funding were enacted in the budget including payment of the Actuarial Required Contributions (ARC), plus 185.8 million of additional pension funding for Kentucky Employees Retirement System (KERS) and State Police Retirement System (SPRS) over the two year period. For KERS hazardous and SPRS, additional funding will create noticeable improvement in the cash flow situation for the next two years.

Ms. Roggenkamp discussed that, with the new leadership and improved investment committee expertise, there are a number of works in progress such as reviewing all actuarial assumptions/methodologies by plan, developing specific short-term and long-term investment strategies by plan, implementing investment structures that reduce the number of investment managers and fees while improving transparency, maintaining effective and transparent communications with all constituents, and partnering/implementing recommendations as needed from the PFM audit.

In looking at the different systems, the KERS non-hazardous system requires a different funding

solutions since cash flow is a key concern and the desire is to at least get a positive or break-even net cash flow. A conservative investment strategy to pay (immunize) benefits and preserve assets while paying benefits is a goal. Other goals include working closely with the actuaries and looking at fiscal years 2015 and 2016 in terms of negative payroll growth, refining actuarial benefit assumptions by tier, looking at the assumptions in regard to active and inactive members on future benefits, and developing objectives and determining required combinations of contributions/investment returns to meet objectives. To address KERS hazardous, SPRS, and CERS should have unique funding requirements based on each plan's actuarial assumptions and investment strategies specific to the plan's needs.

Ms. Roggenkamp discussed retiree health funds, which will maintain positive cash flows across all plans, improve funding levels through ARC management, and maintain cost control while meeting membership benefit needs.

Ms. Jones discussed the proposed KRS housekeeping bill, which includes provisions to ensure compliance with federal law, fix some unintended consequences of HB 1 and SB 2, make the systems more efficient, and allow better operation for members. There is a need to amend the definition of "final compensation" and synchronize the CERS board elections. KRS needs to conform to the Uniformed Services Employment and Reemployment Rights Act (USERRA) and make purchasing of service credit conform to the Internal Revenue Code and private letter rulings. For KRS to operate more efficiently, it needs to eliminate membership form requirements, amend the definition of "creditable compensation" of lump sum payments, and amend the definition of "regular full-time." Additionally, the housekeeping bill proposes to clarify retirement procedures, allow KRS the option to offer members electronic board voting, clarify reciprocal service and require multiple plan members to retire within one month of each other. Finally, the bill would allow KRS the option to promulgate a regulation and employ electronic voting for board position elections and delete unnecessary language regarding a federal consent decree that no longer exists.

Ms. Jones discussed investments, saying that KRS needs to make KRS 16.642 and 78.790 consistent with KRS 61.650 as it relates to the type of allowable investments.

Mr. Eager discussed HB 62, saying there are 1,492 employers in KERS and CERS, and 142 of them are eligible for withdrawal. Three have applied and 1 has withdrawn. The process withdrawal is:

The employer submits a request;

The board decides whether to accept;

The employer establishes a new retirement plan for its employees;

A 60-day transfer for employees begins;

The board approves the cost (liability) as determined by the KRS actuary;

The employer decides whether to pursue;

The employer selects a payment option; and

The board makes its final decision.

The cessation of participation by employer under KRS 61.522 provides the employer shall pay

the full actuarial cost based on an actuarial study, which the employer can pay in a lump sum or up to a 20-year installment. If an installment is used, the employer must pledge assets; if the employer becomes delinquent in payments, KRS can file an action in Franklin Circuit Court.

Representative Yonts stated that, in regards to the Council of State Governments withdrawal of application and the verification of the calculations by KERS, KRS should address how to accommodate an employer's request for member information without violating privacy.

Mr. Eager discussed KRS's recommendations for HB 62 to use a standard valuation methodology and procedures, tie to a fair market rate, use only a lump sum approach, and require a lawsuit waiver.

In a response to a question from Senator Bowen, Mr. Eager stated he will obtain input from colleagues and look at the possibility of the Legislators' Retirement Plan moving under KRS.

In response to a question from Auditor Harmon, Ms. Jones stated that, with a lawsuit waiver, it is how it will be phrased, and currently, in the regulation if a lawsuit is started everything ends and the process starts over.

Representative Yonts stated that KRS 61.522(9) requires an employer who voluntarily ceases participation or is required to involuntarily cease participation to hold the Commonwealth harmless from damages, attorney's fees, and costs from legal claims brought by a member or retired member of the departing employers. This may cover the issue.

Representative Kay stated that his understanding was that the Governor's Executive Order included provisions from SB 2 and that KRS is not abiding by those provisions. He stated that he would like oversight board to note that KRS is not complying with the investment transparency that the Executive Order required.

In response to a question from Mac Jefferson, Mr. Eager stated that there needs to be expertise on the board even if KRS outsources the investment function. This is a concept called an "Outsourced CIO" in which a retirement system delegates investment responsibilities on a nondiscretionary or discretionary basis.

Kentucky Teachers' Retirement System 2017 Legislative Recommendations/Investment Update

Beau Barnes, Deputy Executive Director, discussed quarterly investment returns and potential 2017 legislation. The returns for the period ending September 30, 2016, were 4.34 percent for the quarter, 9.22 percent over one year, 10.47 percent over 5 years, and 6.08 percent over 10 years. For comparative purposes, returns for the fiscal year ending June 30, 2016, were -1 percent gross of fees and -1.29 percent net of fees for the one year period. Over the last 30 years, the compounded annual return has been 8.15 percent gross of fees.

Mr. Barnes discussed potential housekeeping legislation for 2017 that will be proposed by TRS. Most of the housekeeping provisions are technical and do not change TRS practice or procedure, but a few substantive changes focus on reemployment after retirement with a TRS participating employer and also disability retirement.

Relative to reemployment after retirement, the proposed changes are to require retirees under age 60 who return to work for a TRS employer to observe a mandatory separation from service even if the person is returning to a position that is not eligible to participate in TRS. The other reemployment after retirement provisions are to provide that: the starting date for any separation from service begins from the member's effective retirement date instead of the last day of employment; separation from service shall not be met if there is a prearranged agreement between the employer and the retiring member to return to work after retirement; critical shortage provisions, which do not limit income to reemployed retirees, are also available to KDE for persistently low-achieving schools; and college and university retirees under age 60 will also follow the return to work provisions effective July 1, 2018.

The disability retirement provisions of the proposed housekeeping bill relate to minimum benefit provisions provided under law. For members working part time/substitutes who file disability retirement applications on or after July 1, 2017, recurring payments from any other state-administered retirement system shall be considered in determining whether the minimum disability allowance of \$500 has been met. In addition, these part time/substitutes who file disability retirement applications on or after July 1, 2017, shall not be eligible for disability retirement if they are eligible for an unreduced service retirement. TRS is also proposing that these provisions apply to new full-time employees who enter the system on or after July 1, 2017.

Mr. Barnes said that, in the past, bills would have provided permanent funding plans for TRS including stepping into the full ARC over a period of years. It may be proposed in this session that TRS have statutory language to provide a permanent funding plan.

In response to a question from Senator Bowen, Mr. Barnes stated the board has not taken an official position on any type of structural changes, but the TRS funding workgroup had discussed a new tier for new TRS members and items outside the inviolable contract for existing members. An employee has the opportunity for reemployment and earn a second retirement benefit but with limitations on income and reduced benefits while paying the full cost that a member with a first time account would pay.

In response to a question from Representative Graham, Mr. Barnes states that most of the retire and return to work provisions are to ensure that TRS remains in compliance with the Federal Tax Code and specifically qualified under 401(a) of the Internal Revenue Code as a retirement plan for members. It is important to pass legislation to keep TRS in compliance to be a qualified plan under section 401(a) of the Internal Revenue Code because it allows members to make their contributions to the TRS on a tax deferred basis. If KTRS were not in compliance, it could jeopardize the qualification where the IRS would say KTRS is no longer a 401(a) qualified plan and that employees and employers are going to have to start making contributions on a post-tax basis. Individuals not complying with the Internal Revenue Code retirement provisions could see significant

penalties for retiring under a plan that was supposed to be a qualified plan.

With no further business to come before the board, the meeting was adjourned. The next regularly scheduled meeting is Monday, November 28, 2016.

PROGRAM REVIEW AND INVESTIGATIONS COMMITTEE

Minutes

2016 Interim

November 10, 2016

Call to Order and Roll Call

The Program Review and Investigations Committee met on Thursday, November 10, 2016, at 10:00 AM, in Room 131 of the Capitol Annex. Senator Danny Carroll, Chair, called the meeting to order with the Pledge of Allegiance and a prayer. The secretary called the roll.

Present were:

Members: Senator Danny Carroll, Co-Chair; Representative Terry Mills, Co-Chair; Senators Tom Buford, Perry B. Clark, Dan "Malano" Seum, Reginald Thomas, and Whitney Westerfield; Representatives Tim Couch, David Meade, Ruth Ann Palumbo, Rick Rand, Arnold Simpson, Chuck Tackett, and Jeff Taylor.

Guests: Rodney Ballard, Commissioner, Kirstie Willard, Assistant Director, Department of Corrections; Renee Craddock, Executive Director, Brad Boyd, Christian County Jailer, President, Kentucky Jailer's Association; Terry Carl, Kenton County Jailer.

LRC Staff: Greg Hager, Committee Staff Administrator; Chris Hall; Colleen Kennedy; Van Knowles; Jean Ann Myatt; Chris Riley; William Spears; Shane Stevens; Joel Thomas; and Kate Talley, Committee Assistant.

Minutes for October 13, 2016

Upon motion by Representative Taylor and second by Senator Seum, the minutes of the October 13, 2016, meeting were approved by voice vote, without objection.

Staff Report: State Inmates Hosed In County Jails In Kentucky

Mr. Thomas stated that jails are able to opt out of housing state inmates, but 76 of 82 operating jails in the state house state inmates. On September 1, 2016, jails housed more than 11,000 of 24,000 total state inmates. In 2014, Kentucky ranked second highest for the number of state and federal inmates housed in local jails.

Jails house all Class D inmates except for sex offenders. Community and minimum custody Class C inmates may be housed in local jails. Kentucky jails also house controlled intake (CI) inmates. CI inmates have received sentencing but have not been given a custody classification by the Department of Corrections (DOC). Nearly one-third of the 76 jails housed 104 to 186 state inmates. Nineteen jails housed 18 to 50 state inmates. Six counties housed 329 to 528.

As of September 1, the number of inmates in jails with state inmates was at 120 percent of authorized beds. Sixty-seven jails are at greater than 100 percent of capacity. Six jails were at more than 160 percent of capacity. State inmates account for 48 percent of the total inmates in county jails housing state inmates.

From August 2011 to September 2016, the number of state inmates in local jails increased by 42 percent to 11,196. Over this period, the number of CI inmates more than doubled to 3,115.

In 2016, even without CI inmates, the inmate population would have exceeded capacity in 4 months. The number of secure beds in jails is consistently above capacity. In many jails, when capacity is above 100 percent, inmates sleep on mattresses placed on the floor. Program Review staff observed several instances of inmates sleeping on mattresses placed directly on the floor and some placed on temporary “stack-a-bunk” risers.

Inmates are commonly transferred between jails. In January 2011, about 1,000 inmates were transferred between jails. By December 2015, transferred inmates had increased by 54 percent to about 16,000. Frequent inmate transfers can prevent inmates from completing programs that reduce sentences or lower recidivism.

Mr. Spears said the state pays county jails \$31.34 per day for each state inmate housed at a jail. Jails receive an extra \$9 per day for inmates in a substance abuse program (SAP). DOC paid \$113 million in per diem and SAP costs in 2016. Other costs of housing state inmates in jails are an allotment to counties for the care of prisoners violating state law; medical, dental, or psychological care; jail inspections; and payments to inmates for work programs. The total cost of housing state inmates in FY 2016 was \$128 million.

Some jails offer evidence-based programs designed to reduce recidivism. The number of jails offering programs has increased since 2012 but remains low. The most commonly reported program in 2016—SAP—was offered in 19 jails per month on average.

Population segregation requirements negatively impact programming space for state inmates. Jails must segregate male and female inmates. Some jails do not offer programming to women inmates because there are relatively few of them.

Recommendation 1 is that it should be a priority that women inmates housed in local jails have the same access to training and work programs as men. In the meantime, women in jails that offer training and work programs to men but not to women should be allowed to transfer to a jail that does.

The overall rate of recidivism for inmates released from 2008 to 2012 is nearly 40 percent. Class C inmates in jails were more likely to recidivate than those in minimum and medium security prisons. Class D inmates were less likely to recidivate than Class C inmates.

From 2011 to 2015, Class C inmates in prisons were more likely to receive parole than Class D and C inmates in jail.

DOC inspects jails twice per year: one scheduled and one unscheduled. In the 2015 and 2016 scheduled inspections, most jails violated 1 to 3 requirements. Overcrowding was commonly cited. Jail inspections were carried out in written form, verbally, by visual inspection, or through a combination of methods. Verbal questioning is difficult to verify. Almost 20 percent of jail inspection policies were verbally reviewed. In some cases, the inspection method was not indicated.

Continuing the presentation, Ms. Myatt said that Recommendation 3 is that DOC should ensure that jail inspection reports clearly indicate the inspection method used and whether the jail was compliant with the requirement. The department should require verbal inspections to be used in conjunction with other methods or for verbal inspections to clearly document the person interviewed, the questions asked, and the responses given.

Staff visited one jail each of four of the five categories of jails. The Kenton County Detention Center uses the direct supervision model, in which a corrections officer is integrated into the jail population. Kenton County offers a well-attended SAP and offers NARCAN and Vivitrol to some inmates upon release. The Scott County Detention Center has limited space for programming and inmates. In the female section, Program Review observed several inmates sleeping on mattresses placed on the floor. The Marion County Detention Center offers evidence-based programming including SAP and moral recondition therapy. Facility staff reported that it has the highest rate of inmate GED completion in the state. Marion County has some secured housing space issues, but inmates do have access to two outdoor recreation areas. The Henderson County Detention Center has an extensive garden operation that inmates work and the largest SAP, which is for women only, in the state.

Kentucky’s four regional jails are Big Sandy, Bourbon County, Kentucky River, and Three Forks. Regional jails are operated by an appointed administrator; county jails have elected jailers. By law, regional jails are only authorized to house inmates for up to 1 year, but DOC reported state inmates are housed in regional jails for longer than that.

Given the lack of jail and prison space for inmates, Recommendation 2 is that the General Assembly may wish to consider removing the 1-year limit on housing inmates in regional jails.

In response to a question from Senator Westerfield, Mr. Thomas said the Kenton County jailer may be able to explain about follow-up programs that are available for prisoners who are released into high risk drug environments.

In response to questions from Representative Taylor, Mr. Spears said Louisiana has the highest number of state and federal prisoners in local jails. Some states do not house state inmates in local jails. Mr. Thomas said DOC might have demographic data on state inmates housed in local jails.

In response to questions from Senator Carroll, Mr. Ballard said inmates involved in programs are not transferred. Women are the largest growing population in jails, and some jails have limited space and resources to house them. Class D inmates can work outside of jails. There may not be enough jobs available, depending on the facility, for women.

In response to a question from Senator Westerfield, Mr. Ballard said the handshake arrangement in Fayette County is with Bluegrass Mental Health. Counseling and care are required when administering Vivitrol.

In response to questions from Senator Carroll, Mr. Ballard said substance abuse and dependency among pregnant inmates are huge problems in jails. Medical experts have said that a pregnancy will

likely be aborted if opiate addiction treatment is not utilized. DOC is looking at all options moving forward. The Criminal Justice Policy Assessment Council will make recommendations. Approximately 2,100 to 2,200 new county jail beds will be available in 18 to 24 months. Local jails allow state inmates to be closer to family and provide easier release transitions but are overcrowded.

In response to a question from Representative Mills, Mr. Ballard said DOC is looking at using private prisons.

In response to questions from Senator Buford, Mr. Ballard agreed that the recommendation to remove the 1 year limit on housing state inmates should be considered. Programs should be adequate before inmates are released. There is a gap between the handshake programs after inmates are released.

In response to a question from Senator Thomas, Mr. Ballard said the Henderson County Detention Center has the largest SAP program for women inmates, as well as the largest SAP program overall in Kentucky. DOC is the largest treatment provider in the state.

In response to a question from Representative Rand regarding HB 463, Mr. Ballard said DOC is working with the judge executives, jailers, and magistrates associations. The heroin epidemic has been a factor leading to increased prison and jail populations.

In response to a question from Senator Carroll, Mr. Ballard said the prison population is aging. The growing number of inmates addicted to heroin has increased the prevalence of Hepatitis C among inmates, which should be tracked. Treatment for Hepatitis C is roughly \$90,000 for a 12 week treatment. Based on the current number of inmates, the estimated treatment cost would be \$116 million.

Ms. Craddock explained that local jails have a higher number of county inmates than ever before. Some jails no longer have room for state inmates. Drug addicts are not being rehabilitated and often become persistent offenders. Parole rates have decreased, while the number of controlled intake inmates has increased. HB 463 included a bail and bond credit provision, though many judges have stopped using this. The Department of Public Advocacy has appealed not using this provision, but was denied in appellate court. The recidivism rate at county jails is much higher than the rate of state prisons because county jails have prisoners for shorter periods of time in which to offer programs.

In response to a question from Representative Taylor, Mr. Boyd said drug court and rocket docket programs are used in Christian County but with minimal benefits. Pretrial felons are taking 3 to 4 years to be taken to trial.

Upon motion by Representative Simpson and second by Senator Westerfield, the report *State Inmates Housed In County Jails In Kentucky* was adopted by roll call vote.

The meeting adjourned at 10:54 AM.

GOVERNMENT CONTRACT REVIEW COMMITTEE

Committee Minutes November 10, 2016

Call to Order and Roll Call

The Government Contract Review Committee met on Thursday, November 10, 2016, at 10:00 AM, in Room 129 of the Capitol Annex. Senator Max Wise, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Max Wise, Co-Chair; Representative Dennis Horlander, Co-Chair; Senators Julie Raque Adams and Julian M. Carroll; Representatives Diane St. Onge and Brent Yonts.

Guests: Joe Hamilton, Phillip Smith, Sharron Burton, Jenny Goins, Cary Bishop, David Carter, Holly McCoy-Johnson, Gina Carey, Chris Cohron, Tom Wine, and Deck Decker.

LRC Staff: Kim Eisner, Jarrod Schmidt, and Jay Jacobs.

DEFERRED ITEM:

WESTERN KENTUCKY UNIVERSITY:

Jackson Lewis, P.C.; 161832. A motion was made by Representative Yonts to consider the contract as reviewed. Senator Carroll seconded the motion, which passed.

A motion was made by Representative Yonts to approve Minutes of the October 2016, 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 Representative 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.

A motion was made by Representative Yonts to consider as reviewed the Correction List. 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:

RFH, PLLC, 1700000694; Tichenor and Associates, 1700000695; Dean Dorton Allen Ford, PLLC, 1700000701; York Neel & Associates, LLP, 1700000702.

CRIMINAL JUSTICE TRAINING, DEPARTMENT OF:

Polygraph Systems, Inc., 1700000579.

DENTISTRY, BOARD OF:

McBrayer McGinnis Leslie and Kirkland, 1700000265.

DEPARTMENT FOR INCOME SUPPORT:

Howard D. Markowitz, MD, PLLC, 1700000358; Danelle Stevens-Watkins, Phd., PLLC, 1700000360.

DEPARTMENT FOR PUBLIC HEALTH:

Crown Services, Inc., 1700000433.

EDUCATIONAL TELEVISION, KENTUCKY:

Clayton C. Rice, 1700000759.

EMBALMERS & FUNERAL HOME

DIRECTORS, BOARD OF:

Kathleen K. Schell, 1700000019.

JUSTICE CABINET:

Mark Bernstein, DDS, 1700000273; Medical Legal Consultants, Inc., 1700000747.

JUVENILE JUSTICE, DEPARTMENT OF:

Denise Adams, 1700000648; Larry Cavanah, 1700000649; Patricia A Hurt, 1700000768; Shirley Lafavers, 1700000769.

KENTUCKY COMMUNITY & TECHNICAL COLLEGE SYSTEM:

Chattanooga State Community College, 698.

KENTUCKY HIGHER EDUCATION

STUDENT LOAN CORPORATION:

McGlinchey Stafford, PLLC, 17-011.

KENTUCKY HOUSING CORPORATION:

Regulatory Solutions, LLC, 2017-14.

KENTUCKY LOTTERY CORPORATION:

The Buntin Group, Inc., 17-16-044-2.

LEGISLATIVE RESEARCH COMMISSION:

Dr. Phoebe Winter, 16/17-20; Dr. Marianne Perie, 16/17-22.

MILITARY AFFAIRS, DEPARTMENT OF:

Jeffrey M. Garris, 1700000719.

NORTHERN KENTUCKY UNIVERSITY:

Baker & Hostetler, LLP, 2017-175.

PUBLIC PROTECTION & REGULATION CABINET:

Mike Wilson, 1700000394; Thomas J Hellmann, Attorney-At-Law, PLLC, 1700000395.

TRANSPORTATION CABINET:

Michael Baker International, Inc., 1700000732; EA Partners, PLC, 1700000806; HMB Professional Engineers, Inc., 1700000809.

TREASURER, OFFICE OF THE KENTUCKY STATE:

Xerox State & Local Solutions, Inc., 1700000446; Audit Services US, LLC, 1700000447; Verus Financial, LLC, 1700000450; Discovery Audit Services, LLC, 1700000451; Kelmar Associates, LLC, 1700000452.

UNIVERSITY OF KENTUCKY:

Commonwealth Anesthesia, PSC, K17-127; NewCity Media, Inc., K17-216; Equine Medical Associate, PSC, K17-218; Berkeley Research Group, LLC, K17-219.

UNIVERSITY OF LOUISVILLE:

Advances in Education, 17-054.

VETERANS AFFAIRS, DEPARTMENT OF: Symphony Mobilex, 1700000708 THE FOLLOWING PERSONAL SERVICE AMENDMENTS WERE REVIEWED WITHOUT OBJECTION:

ADMINISTRATIVE OFFICE OF THE COURTS:

Chrysalis House, Inc., 1400000760; Hope Center, 1400000820; Stites and Harbison, 1600003953.

DEPARTMENT FOR AGING & INDEPENDENT LIVING:

Lifeline Homecare, Inc., 1600003962; Independence Assistance Services of the Bluegrass, 1600003963; Nicholas County Senior Citizens, 1600003966; Harrison County Circuit Court, 1600003967.

DEPARTMENT FOR INCOME SUPPORT:

Baba Sokan, MD, PSC, 1600001554.

DEPARTMENT FOR MEDICAID SERVICES:

Island Peer Review Organization, Inc., 1600001435.

DEPARTMENT FOR PUBLIC HEALTH:

Multi, 1600002605.

EASTERN KENTUCKY UNIVERSITY:

Johna Rodgers Consulting, 18-049; Mountjoy Chilton Medley, 18-050.

EDUCATION, DEPARTMENT OF:

Mary E. Martins, 1600001454; Scanlan Associates, LLC, 1600001455; Multi, 1600001586.

FINANCE AND ADMINISTRATION CABINET - DIVISION OF ENGINEERING:

HMB Professional Engineers, Inc., 1000001609; Stantec Consulting Services, Inc., 1100001637; Third Rock Consultants, LLC, 1200002437; Third Rock Consultants, LLC, 1200003126.

MEDICAL LICENSURE, BOARD OF:

Multi, 1600002744.

NORTHERN KENTUCKY UNIVERSITY:

Multi, 2017-100.

TRANSPORTATION CABINET:

Arnold Consulting Engineering, 1200000346; Vaughn & Melton Consulting Engineers Kentucky, Inc., 1200000653; Stantec Consulting Services, Inc., 1200002240; American Engineers, Inc., 1400000963; Burgess and Niple, Inc., 1400001672; GRW Aerial Surveys, Inc., 1400002667; McMurry and Livingston, 1600003723; Palmer Engineering Company, C-00124800-5; Presnell Associates, Inc., d/b/a QK4, C-02300472-3; Presnell Associates, Inc. d/b/a QK4, C-03349284-1; H. W. Lochner Consulting, Inc., C-04223604-2; W M B, Inc., C-99005798-3.

UNIVERSITY OF KENTUCKY:

Omni Architects, A141210; Champlin Architecture, A161100.

VETERANS AFFAIRS, DEPARTMENT OF:

Public Consulting Group, 1700000568.

WESTERN KENTUCKY UNIVERSITY:

THP Limited, Inc., 161806.

THE FOLLOWING MEMORANDA OF AGREEMENTS WERE REVIEWED WITHOUT OBJECTION:

ATTORNEY GENERAL, OFFICE OF THE:

University of Louisville Research Foundation, 1700000100.

DEPARTMENT FOR BEHAVIORAL HEALTH, DEVELOPMENTAL AND INTELLECTUAL

DISABILITIES:

Chestnut Health Systems, Inc., 1600001724; NASDDDS, 1700000149; Kentuckyone Health Medical Group, 1700000384; Volunteers of America of Kentucky, Inc., 1700000515; Chrysalis House, Inc., 1700000516; Transitions, Inc., 1700000517; St. Elizabeth Medical Center, 1700000518; Lifeskills Industries, 1700000520; Seven Counties Services, Inc., 1700000521.

DEPARTMENT FOR COMMUNITY BASED SERVICES:

Department of Education, 1700000731.

DEPARTMENT FOR ENVIRONMENTAL PROTECTION:

Hopkinsville Surface & Storm Utility, 1700000402.

DEPARTMENT FOR NATURAL RESOURCES:

Finance Real Property, 1600002812; Kentucky Department of Fish and Wildlife Resources, 1700000533.

DEPARTMENT FOR PUBLIC HEALTH:

University of Kentucky Medical, 1600003211-1.

DEPARTMENT OF ENERGY DEVELOPMENT AND INDEPENDENCE:

Cedar, Inc., 1700000632; National Energy Education Development, 1700000651; Southeast Kentucky Community and Technical College, 1700000709.

EARLY CHILDHOOD ADVISORY COUNCIL:

Ohio Valley Education Cooperative, 1700000498.

EDUCATION PROFESSIONAL STANDARDS BOARD:

Oldham County Board of Education, 1700000670.

EDUCATION, DEPARTMENT OF:

Clay County Board of Education, 1600003605; Scott County Board of Education, 1600003637; Hancock County Board of Education, 1600003651; Harlan County Board of Education, 1600003652; Hart County Board of Education, 1600003653; Carter County Board of Education, 1700000041; Teach for America, 1700000258; Jefferson County Board of Education, 1700000281; Jefferson County Board of Education, 1700000315; Southern Regional Education Board, 1700000363; Murray State University, 1700000399; Kentucky Educational Development Corporation, 1700000416; University of Kentucky Research Foundation, 1700000469; University of Kentucky Research Foundation, 1700000612; Ohio Valley Education Cooperative, 1700000623; Ohio Valley Education Cooperative, 1700000626; Murray State University, 1700000643; Kentucky Valley Education, 1700000660; Montgomery County Board of Education, 1700000742; Fayette County Board of Education, 1700000743.

LIBRARIES & ARCHIVES, DEPARTMENT FOR:

Rowan County Public Library, 1700000668.

MILITARY AFFAIRS, DEPARTMENT OF:

Multi, 1700000329; Multi, 1700000330; Multi, 1700000591.

OFFICE OF THE GOVERNOR, DEPARTMENT FOR LOCAL GOVERNMENT:

University of Kentucky Research Foundation,

1700000435; Owensboro Health, Inc. d/b/a Owensboro Health Regional Hospital, 1700000561; SOAR, 1700000562; Gateway Juvenile Diversion Project, Inc., 1700000563; The Methodist Home of Kentucky, Inc., 1700000564; Pike County Fiscal Court, 1700000653; Pike County Fiscal Court, 1700000654; Pike County Fiscal Court, 1700000662; Henderson County Fiscal Court, 1700000664; Knott County Fiscal Court, 1700000665; Martin County Fiscal Court, 1700000666; Floyd County Fiscal Court, 1700000707; Breathitt County Fiscal Court, 1700000712; City of Irvine, 1700000716; Kentucky Housing Corporation, 1700000780; City of Hazard, 1700000798; Hopkins County Fiscal Court, 1700000807; City of Danville, 1700000810; City of Hazard, 1700000813.

THE FOLLOWING MEMORANDA OF AGREEMENT AMENDMENTS WERE REVIEWED WITHOUT OBJECTION:

ADMINISTRATIVE OFFICE OF THE COURTS:

Bluegrass Prevention Center, 1400000390; Morehead State University, 1400000391; Morehead State University, 1400000814; Morehead State University, 1500001326; Shepherds House, Inc., 1500001333.

AGRICULTURE, DEPARTMENT OF:

Multi, 1500001216; Multi, 1500001218.

COMMISSION FOR CHILDREN WITH SPECIAL HEALTH CARE NEEDS:

River Valley Behavioral Health, 1600002109.

DEPARTMENT FOR AGING & INDEPENDENT LIVING:

Multi, 1600001202; Multi, 1600001203; Multi, 1600001204; Multi, 1600001205; Multi, 1600001207; Multi, 1600001208; Multi, 1600001210; Kentucky River Foothills Development Council, Inc., 1600003959; Bluegrass Community Action, 1600003960; Franklin County Council On Aging, Inc., 1600003961; Estill County Fiscal Court, 1600003964; Lincoln County Senior Citizens Center, Inc., 1600003965; Legal Aid of the Bluegrass, 1600003968; Bluegrass Community Action Age, 1600004007; Kentucky River Foothills Development Council, Inc., 1600004034.

DEPARTMENT FOR BEHAVIORAL HEALTH, DEVELOPMENTAL AND INTELLECTUAL DISABILITIES:

University of Kentucky Research Foundation, 1600001735.

DEPARTMENT FOR COMMUNITY BASED SERVICES:

Multi, 1600002561.

DEPARTMENT FOR FAMILY RESOURCE CENTERS & VOLUNTEER SERVICES:

Kentucky Senior Service Corps, 1600003521.

DEPARTMENT FOR PUBLIC HEALTH:

Aids Volunteers, Inc., 1600001578; Volunteers of America of Kentucky, Inc., 1600001579; University of Kentucky Research Foundation, 1600001881; University of Kentucky Research Foundation, 1600001907; Kentuckiana Health Collaborative, 1600002458; Public Health Foundation, 1600003135; University of Kentucky Research Foundation, 1600003211.

EDUCATION, DEPARTMENT OF:

Eastern Kentucky University, 1600001274;

University of Louisville Research Foundation, 1600002548; University of Kentucky Research Foundation, 1600002764; KCTCS, 1600003882; Warren County Board of Education, 1700000287; Paducah In Board of Education, 1700000381.

MILITARY AFFAIRS, DEPARTMENT OF:

Multi, 1600001190.

OFFICE OF THE GOVERNOR, DEPARTMENT FOR LOCAL GOVERNMENT:

City of Nicholasville, 1300000905.

TRAVEL, DEPARTMENT OF:

Multi, 1600003765.

WORKFORCE INVESTMENT, OFFICE OF:

City of Bowling Green, 1600001460; Buffalo Trace Area Development District, 1600001494; City of Bowling Green, 1600001963.

THE FOLLOWING PERSONAL SERVICE CONTRACTS WERE SELECTED FOR FURTHER REVIEW:

PERSONNEL-OFFICE OF THE SECRETARY:

Aon Consulting, Inc., 1700000611. Sharron Burton and Jenny Goins 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.

THE FOLLOWING PERSONAL SERVICE CONTRACT FOR \$10K AND UNDER WAS SELECTED FOR FURTHER REVIEW:

FINANCE AND ADMINISTRATION CABINET:

Baker & Hostetler, LLP, 1700000657. Cary Bishop and David Carter discussed the contract with the committee. A motion was made by Representative Yonts to consider the contract as reviewed. Representative Horlander seconded the motion, which passed.

THE FOLLOWING MEMORANDA OF AGREEMENTS WERE SELECTED FOR FURTHER REVIEW:

ATTORNEY GENERAL, OFFICE OF THE:

Prosecutors Advisory Council, 1700000332. Holly McCoy-Johnson, Gina Carey, Chris Cohron, and Tom Wine 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.

OFFICE OF THE KENTUCKY HEALTH BENEFIT EXCHANGE:

Multi, 1700000740. Deck Decker 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.

THE FOLLOWING MEMORANDA OF AGREEMENT AMENDMENTS WERE SELECTED FOR FURTHER REVIEW:

DEPARTMENT FOR COMMUNITY BASED SERVICES:

University of Kentucky Research Foundation, 1600003667. Joe Hamilton and Phillip Smith 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.

EXEMPTION REQUEST:

ENERGY AND ENVIRONMENT CABINET:

The Energy and Environment Cabinet requested an exemption from the two year contracting restrictions and an exemption from the committee's routine review process for Division of Abandoned Mine Lands Waterline Memoranda of Agreements and will file quarterly reports. A motion was made by Representative Yonts to grant the request to December 31, 2018. Representative Horlander seconded the motion, which passed without objection.

ENERGY AND ENVIRONMENT CABINET:

The Energy and Environment Cabinet requested an exemption from the two year contracting restrictions and an exemption from the committee's routine review process for Division of Abandoned Mine Land Economic and Community Pilot Program Memoranda of Agreements and will file quarterly reports. A motion was made by Representative Yonts to grant the request to December 31, 2018. Representative Horlander seconded the motion, which passed without objection.

There being no further business, the meeting was adjourned at 10:40 a.m.

TOBACCO SETTLEMENT AGREEMENT FUND OVERSIGHT COMMITTEE

Minutes of the 10th Meeting of the 2016 Interim

November 2, 2016

Call to Order and Roll Call

The 10th meeting of the Tobacco Settlement Agreement Fund Oversight Committee was held on Wednesday, November 2, 2016, at 10:00 AM, in Room 129 of the Capitol Annex. Senator C.B. Embry Jr., Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator C.B. Embry Jr., Co-Chair; Representative Wilson Stone, Co-Chair; Senators Carroll Gibson, Paul Hornback, Dennis Parrett, and Whitney Westerfield; Representatives Mike Denham, Tom McKee, Terry Mills, Jonathan Shell, and James Tipton.

Guests: Warren Beeler, Executive Director, Governor's Office of Agricultural Policy; Bill McCloskey, Director of Financial Services, Governor's Office of Agricultural Policy; Kimberly Richardson, Division Director, Division of Conservation; Representative Dennis Keene; and Representative Dean Schamore.

LRC Staff: Lowell Atchley, Kelly Ludwig, and Marielle Manning.

Upon motion by Senator Hornback and second by Senator Westerfield, the October 5, 2016 minutes were approved by voice vote and without objection.

Governor's Office of Agricultural Policy

Mr. Warren Beeler explained the Governor's Office of Agricultural Policy Fiscal Year 2016 Annual Report.

Mr. Warren Beeler, Executive Director, and Mr. Bill McCloskey, Deputy Executive Director, Governor's Office of Agricultural Policy presented projects receiving the Agricultural Development Board approval at its October 2016 meeting. Those

included farm market expansion, agritourism facility upgrades, farmers market construction, on-farm investments, environmental stewardship, shared-use equipment, and major statewide or regional projects.

Responding to a question from Representative Stone, GOAP officials explained there is a list of eligible machinery for the shared-use equipment program.

In response to Representative McKee, GOAP officials said they would provide a list of counties that are without the Dead Animal Removal Program service to staff.

In response to Senator Parrett, GOAP officials stated that hay tedders did not pass the board's approval for shared-use equipment.

Responding to Representative Stone, GOAP officials stated there is a different list of eligible equipment for direct purchase by the applicant.

Representative McKee and Senator Parrett encouraged the board to reconsider adding a hay tedder to the list of eligible equipment in the Shared-use Program.

Responding to Senator Gibson, GOAP representatives explained that board members only receive compensation for travel, such as mileage and overnight expenses. Board members serve for four years.

Representative Stone commented that Bobby Foree is an attorney with farming experience and is a good fit for the Agricultural Development Board.

The committee received reports on three regional projects: (1) Hill View Farms Meats, LLC, approved by the board for \$7,000 in Daviess County funds to expand its newly created on-farm market and to purchase a commercial freezer, refrigerator, ice cream freezer and other equipment; (2) Little Hickory Farms, approved by the board for \$9,000 in Daviess County funds for expansion of its operation to include guided horseback tours and to upgrade the horse barn with stalls, a tack room and other facility improvements in addition to grounds improvements; (3) Owensboro Farmers Market, Inc., approved by the board for \$69,563 in Daviess County funds and \$163,502 in State funds to construct a permanent farmers market facility with a commercial kitchen.

GOAP officials described one funding denial: (1) Christian County Conservation District, turned down for \$15,000 to purchase a no-till tobacco setter. The board denied this request based on staff's recommendation and the fact that the equipment is not eligible in the Shared-Use Equipment program.

GOAP representatives answered committee members' questions about the three regional projects received by the board in October.

In response to Representative Stone, GOAP officials stated that Owensboro Farmers Market, Inc. will lease the land for the new facility from Owensboro Health Regional Hospital.

In response to Senator Embry, GOAP officials stated that Daviess County Fiscal Court committed \$50,000 to the Owensboro Farmers Market, Inc. project.

Responding to Senator Parrett, GOAP officials explained that a commercial kitchen will be constructed in the second phase of the Owensboro Farmers Market, Inc. project.

In response to Representative McKee, GOAP officials explained that Pendleton County should contact GOAP officials and make an application for a farmers market. There is no deadline to do so.

Representative Denham commented that he would like to see some State funded projects come out of his district, as it is the most tobacco-dependent district in the state. GOAP officials explained that it is difficult to find projects that meet the criteria for state funding based on farm impact.

Responding to Representative Stone, GOAP representatives stated that vegetable production comes closest to replacing tobacco dollar for dollar.

Kentucky Soil Erosion and Water Quality Cost Share Program

Ms. Kimberly Richardson, Director, Kentucky Division of Conservation, provided a presentation on the Soil Erosion and Water Quality Cost Share Program and the Soil Stewardship Program, which receive tobacco settlement fund appropriations. Established in 1994, the program provides financial assistance to individuals to implement Best Management Practices on farm and forest operations to improve soil quality and water quality. They also provide Conservation District Environmental Grants and assistance to landowners who have received a "notice of violation" from the Division of Water under the Corrective Measures protocol.

Responding to Representative McKee, Ms. Richardson stated that around \$500,000 to \$600,000 is the standard that they put into the District Environmental Grants.

In response to Representative Tipton, Ms. Richardson stated there are some current studies looking at the difference of human and animal sources of nutrients into waterways. USGS is studying the production of nutrients from agriculture in Christian County.

Responding to Representative Stone, Ms. Richardson explained the federal projects have a seven year lifespan.

Documents distributed during the meeting are available with meeting material in the LRC Library. There being no further business, the meeting was adjourned.

CAPITAL PROJECTS AND BOND OVERSIGHT COMMITTEE

Minutes

November 15, 2016

Call to Order and Roll Call

The Capital Projects and Bond Oversight Committee meeting was held on Tuesday, November 15, 2016, at 1:00 PM, in Room 169 of the Capitol Annex. Senator Stan Humphries, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Stan Humphries, Co-Chair; Senators Julian Carroll, Chris Girdler, and Christian McDaniel; and Representatives Chris Harris, Steven Rudy, and Jim Wayne.

Guests: Ms. Elizabeth Baker, Planning Director, University of Kentucky; Mr. Scott Aubrey, Director of Real Properties, Finance and Administration Cabinet; Mr. Steve Starkweather, Inventory and Forecasting

Program Specialist, Office of Financial Management; Mr. Jeremy Ratliff, Managing Director of Multifamily Housing, Kentucky Housing Corporation; Ms. Katie Smith, Executive Director, Office of Financial Services, Cabinet for Economic Development; Ms. Brandi Norton, Financial Analyst, Kentucky Infrastructure Authority; Mr. Harlan Sands, Senior Vice President for Finance and Administration, University of Louisville; Mr. James Sears, Associate Vice President for Facilities Management, University of Louisville; Mr. Andy Barber, Executive Director, Kentucky Transportation Cabinet; and Ms. Karen Haskell, President, The Healing Place Rehabilitation Center, Louisville.

LRC Staff: Josh Nacey, Committee Staff Administrator; Julia Wang, Analyst; and Jenny Wells, Committee Assistant.

Approval of Minutes

Mr. Josh Nacey said that two errors to the October 18, 2016 meeting minutes had been corrected and outlined those corrections for the benefit of the members and public. Mr. Nacey said that four words were added to the last paragraph of page 7, which now states “and \$8.1 million, respectively.” This language was added to show the distinction between two separate sources of funds in regards to the Louisville Arena Authority (LAA). The second corrected error is in the first paragraph of page 8, reflecting a change to \$17.2 “million,” which was mistakenly phrased as \$17.2 “billion.”

Representative Rudy moved to approve the minutes of the October 18, 2016 meeting. The motion was seconded by Representative Harris and approved by voice vote.

Discussion Item

Senator Humphries said that there is one discussion item on today's agenda, which is a draft of a letter to be sent to the Auditor of Public Accounts requesting a special examination or audit of the finances of the LAA. Senator Humphries said that at the October meeting, staff was directed to draft a letter which would be presented to the committee this month for discussion and approval.

Representative Wayne commented said that he appreciated how this process had been handled, especially in working together with the auditor's office to understand the requirements for this issue. Additionally, Representative Wayne said that it is important that the committee recognize the effort on its part to validate all the facts in order to reassure the public and the taxpayers who are subsidizing the arena that the LAA is being run in the best way possible and with full financial disclosure. Further, Representative Wayne said that he is hopeful that the auditor will take this letter seriously and will act on the request of this committee.

Representative Harris moved to approve the letter, seconded by Senator McDaniel. The motion passed by a roll call vote of 7 yeas, 0 nays.

Information Items

Mr. Nacey reported on three informational items which are nonaction items. The first item is an advertisement for leased space for the Department of Corrections in Jefferson County. Pursuant to KRS 48.111(6), such advertisements are required to be reported to the committee.

The second item is an update on the Drumanard property in Jefferson County. At the October meeting, additional questions were raised regarding the purchase price paid by the Kentucky Transportation Cabinet (KYTC) and the timing of its designation as a historic property.

The information provided by KYTC explained: The property was listed on the National Register of Historic Places in 1983 as “Fitzhugh House.” Due to a boundary change, the estate was later renamed to Drumanard. In 1988, the Jefferson County Office of Historic Preservation and Archives submitted an application for the current Drumanard estate to be placed in the registry. However, the preservation easement was not executed and placed on the property until May 30, 2014, approximately two years after the KYTC acquired the property. The owner of the estate (Soterion Corporation) was not interested in placing a preservation easement on, nor in negotiating the damages or the decrease of property value associated with, the permanent easement. KYTC stated that it was necessary to enter into the right of way acquisition process with the property owner. The estimated daily cost from the delay of construction was \$100,000. The cabinet stated that it determined that paying a negotiated price of \$8.1 million more than the appraised price was a better course of action as opposed to delaying a \$763 million project for several months, if not years. The property is being sold by sealed bids starting November 3, 2016, with a minimum bid reserve of \$3.5 million. The Commonwealth reserves the right to reject any or all bids. The cabinet stated that the current significantly lower appraised value is the result of the preservation easement.

In response to a question from Representative Wayne, Mr. Nacey said that the KYTC paid \$1.8 million more than the appraised value of the Drumanard estate. Representative Wayne said that was a significant amount and voiced concern about the precedent this sets by purchasing properties in order to speed a project through.

In response to several more questions from Representative Wayne, Mr. Andy Barber, Executive Director, KYTC, said that the estimated price of \$6.8 million and the purchase price of \$8.3 million paid for the property, resulted from negotiations and KYTC holding out as long as possible before purchasing the property. Mr. Barber said that, normally, KYTC normally does not proceed with construction of a project or with a start date until the Cabinet has all the right-of-way in place with a project of this size. Mr. Barber further said that in order to avoid delay and in order to fulfil KYTC's commitment, KYTC made the decision to proceed with the East End Crossing project. Additionally, Mr. Barber said that the purchase of property over the estimated purchase price is not a practice that is used frequently; however, it is used in dire cases. Mr. Barber said that during negotiations with the owner of the property beneath which the tunnel goes, the property owner could have exercised his legal right to stop work. Further, Mr. Barber said that Indiana held the lead on this project and, had the project been halted, KYTC could have exceeded the purchase price of \$8.3 million quickly.

In response to several more questions from

Representative Wayne, Mr. Barber said that KYTC looked at sixteen alternatives at the beginning of the project in 1998, for alignments for the East End Crossing project. Three of them included a tunnel. The alignment that was selected for the project was the least environmentally invasive for the area. Mr. Barber said that the tunnel was an avoidance of a direct environmental impact to the historical property and, without the tunnel, there would not have been a project. Mr. Barber said that the compelling argument to build a tunnel was an avoidance of an impact that would fall under Section 4(F), the Build Alternative of the Department of Transportation Act (DOT Act) of 1966. Additionally, Mr. Barber said that if a property is eligible to be listed on the National Register of Historic Places, the Section 4(F) provision may apply. Further, Mr. Barber said that federal laws were followed in acquiring the property for this project and several funding sources were used, which included federal funding.

In response to questions from Representative Harris, Mr. Barber said that he was not involved in the project when the Drumanard property was bought and could not answer as to why the Cabinet did not utilize the condemnation process using the appraised value of \$6.8 million before paying \$8.3 million for the Drumanard property. Mr. Barber said he would find out more information and forward it on to Representative Harris after the meeting.

In response to a question from Senator Humphries, Mr. Barber said that if a property is eligible to be placed on the National Registry of Historical Places, such as the Drumanard property, the property still has Section 4(f) federal law protection.

Senator Humphries commented that the regulations that are placed on the Commonwealth as it faces the challenge of trying to build more roads with less dollars each year, and without federal assistance, is alarming.

The last information item is the annual report from the Cabinet of Economic Development which details the status of previously-approved Economic Development Bond grants projects. The report is an update on the extent to which the grant recipients have complied with the job creation and wage requirements of the grants. Of the 9 grants listed in the report that were approved in previous fiscal years 1 project is still in the process of executing an agreement; 0 projects have withdrawn from the program; 0 projects have completed the requirements; 3 projects have reported employment; and 5 projects have not yet reached a reporting date.

Project Report from the Universities

Ms. Elizabeth Baker, Planning Director, University of Kentucky (UK), reported on three items. The first item is the purchase of the Somatom Definition Edge CT Scanner. This system will be located in the Emergency Department at UK A. B. Chandler Hospital. The purchase will replace the equipment that is presently at the end of its life and it will provide medical imaging and leading technology for low dose therapy control and early tumor detection. The cost is \$1,239,095 and was paid for in cash with restricted funds. No action was required.

The second item is a lease modification between the University and the Lowry Group, LLC. The

three organizations located at this property are the Kentucky Regional Extension Center, UK-Norton Stroke Network, and UK Healthcare External Affairs. All three programs have experienced growth and additional space is needed to efficiently manage daily operations. The lease modification will include an expansion of 1,186 sq. ft., and the total lease cost is \$111,147. The lease addendum is pursuant to the same terms and conditions as the original lease. No action was required.

The final item is a request to transfer restricted funds to private funds for the Construct Baseball Field project which was authorized as part of the 2016-18 Executive Branch budget bill. The authorization was for \$49,000,000 in restricted funds for the construction of the baseball facility. UK is requesting to use \$12,056,020 in private funds in lieu of restricted funds.

In response to several questions from Representative Wayne, Ms. Baker said that the old baseball stadium was built in 1969, remodeled in 2003, and presently is not large enough to host NCAA tournaments and other important events. The university plans to repurpose the old stadium, which is located the south side of campus. Ms. Baker said that by the fall of 2017, with UK's housing initiative, it will have approximately 7,500 beds on campus, 5,000 of which will be located on the south side of campus. Pursuant to UK's Revised Campus Master Plan and the Revised Transportation Master Plan, the university will provide more recreational areas and parking for students who will be located in this area. Ms. Baker said that the university will move the Athletics Department closer to the football stadium in order to share facilities and bring the departments closer together in proximity. This project will be paid by the Athletics Department.

Representative Rudy moved to approve the project, seconded by Senator McDaniel. The motion passed by a roll call vote of 7 yeas, 0 nays.

Mr. Harlan Sands, Senior Vice President for Finance and Administration, University of Louisville (U of L), and Mr. Jim Sears, Associate Vice President for Facilities Management, U of L, requested a scope increase of \$8,250,000 for the Papa Johns Cardinal Stadium Football Complex Expansion project. Mr. Sands said that with this appropriation increase, the north end of the stadium will be totally enclosed. The original scope authorized for this project was \$55,000,000. Higher than anticipated construction costs and design fees have contributed to a 14 to 15 percent price increase over budget. U of L has added 6,500 sq. ft. of additional space in the Schnellenberger Training Facility to accommodate its athletic program.

In response to questions from Representative Wayne, Mr. Sands said that the increase will be funded through seat licenses and seat sales from the 10,000 additional seats that will be added to the stadium. The project requires no additional debt service and is consistent with the original debt service plan. The increase will be funded through the University of Louisville Athletic Association by private gift donations specifically earmarked for this project.

Senator Carroll moved to approve the increase, seconded by Representative Wayne. The motion passed by a roll call vote of 7 yeas, 0 nays.

Lease Reports from Finance and Administration Cabinet

Mr. Scott Aubrey, Director of Real Properties, Finance and Administration Cabinet, reported on two items. The first item is for a new lease exceeding \$100,000 for the Department of Corrections (DOC) in Daviess County. The proposed space will accommodate the staff of DOC currently housed in a different office facility which requires extensive renovations and recurring maintenance to accommodate the agency needs. The current facility has a lack of appropriate-sized individual offices. Due to these issues, the agency went through the competitive bid process. This new lease is for 8758 sq. ft., with a cost of \$13.24 per sq. ft. The annual cost for the lease is \$116,043.52 and will expire June 30, 2024.

In response to a question from Senator Humphries, Mr. Aubrey said that the new space is located at the same facility. The agency will move from the 5th floor to available space located on the 2nd and 3rd floors during the renovation period.

Senator Carroll moved to approve the lease, seconded by Representative Wayne. The motion passed by a roll call vote of 7 yeas, 0 nays.

The second item is a Leasehold Improvement Report for leasehold modifications over \$50,000, located in Franklin County. In October, another group of modifications was presented to the committee and those improvements totaled \$46,840. The Finance and Administration Cabinet is requesting approval on behalf of the Energy & Environment Cabinet (EEC), the Education and Workforce Development Cabinet, and the Department of Education, which are located at the new state office building known as the "300 Building." The EEC is requesting to install a badge reader and a magnetic lock for a file room and additional electrical and data outlets in its conference rooms. All three agencies have submitted a request to install and mount a television in the lobby area for visitors to the "300 Building." The cost for these improvements, which will be paid through the Tenant Improvement Fund, is \$64,641.30. To date, the cost of the total improvements is \$111,482.21.

In response to questions from Senator Humphries, Mr. Aubrey said that the modifications that were reported last month are either complete or in the process of being completed.

Senator Carroll moved to approve the modifications, seconded by Senator McDaniel. The motion passed by a roll call vote of 7 yeas, 0 nays.

Report from the Office of Financial Management

Ms. Brandi Norton, Financial Analyst, Kentucky Infrastructure Authority (KIA), reported on five items. The first item was for a Fund A loan increase for the Mountain Water District in Pike County. The request was for an increase of \$370,000 for a total amount of \$3,472,921, for the Douglas Wastewater Treatment Plant project. The loan will have a 20 year term, an interest rate of .75 percent and an annual estimated debt service payment of \$194,266.

The second item was for a Fund A loan for the City of Winchester in Clark County. The request was for \$1,404,000 for the Hampton Manor Sewer project. The loan will have a 20 year term, an interest rate of 1.75 percent and an annual estimated debt service

payment of \$86,312.

The third item was for a Fund A loan for the City of Maysville in Mason County. The request was for \$4,000,000 for the Wastewater Treatment Plant Upgrade project. The loan will have a 20 year term, an interest rate of .25 percent and an estimated annual payment of \$143,887.

The fourth item was for a Fund A loan to the City of Jackson in Breathitt County. The request was for \$593,000 for the Lift Station Rehabilitation project, Phase II. The loan will have a 20 year term, an interest rate of .25 percent and an annual payment of \$15,801.

The final item was for a Fund B loan to the Northeast Woodford County Water District in Woodford County. The request was for \$400,000 for the Northeast Woodford County Improvement project. The loan will have a 20 year term, an interest rate of 1.75 percent and an estimated annual payment of \$24,590.

Representative Wayne moved for all items to be considered as one vote, seconded by Senator McDaniel. The motion was approved by voice vote.

Representative Rudy moved to approve the items, seconded by Senator McDaniel. The motion passed by a roll call vote of 7 yeas, 0 nays.

Report from the Office of Financial Management

Ms. Katie Smith, Executive Director, Office of Financial Services, Cabinet for Economic Development, reported on one Economic Development Bond (EDB) Grant. The request is for the use of \$1,350,000 in economic development bond funds to make a grant to the City of Midway for the benefit of Lakeshore Equipment Company d/b/a Lakeshore Learning Materials (Lakeshore). Lakeshore is a leading U.S. developer of educational materials and classroom furniture and supplies and has selected Midway for its new assembly distribution and storage facility. The proposed EDB grant funds will be used to extend gas service to the company and any future tenants of the industrial park including, but not limited to, companies such as Brown-Forman Corporation and American Howa Kentucky, Inc. In consideration for the grant, Lakeshore will be required to make investment and create up to 262 full-time Kentucky resident jobs paying an average hourly wage of \$19 including benefits. Disbursement of grant funds will occur after the annual compliance reporting has occurred and the amount of the disbursements will be based on the performance requirements achieved.

Senator Carroll moved to approve the grant, seconded by Senator McDaniel. The motion passed by a roll call vote of 7 yeas, 0 nays.

Mr. Steve Starkweather, Inventory and Forecasting Program Specialist, Office of Financial Management, reported on six items for the Office of Financial Management. The first item was the Kentucky Economic Development Finance Authority (KEDFA) Hospital Revenue and Refunding Bonds, Series 2016 C, for Baptist Healthcare System Obligated Group. Proceeds from this bond issue will finance various Baptist Healthcare System projects throughout the Commonwealth and partially refund KEDFA Hospital Revenue Bonds, Series 2009 A. This issue has a par amount not to exceed \$445,000,000 and

contains \$314,000,000 of new money. The duration of the bonds is 35 years and has an anticipated net interest rate of 5.0 percent. This issue also has a refunding component of \$87,259,000. These refunding Series have an anticipated true interest cost of \$3,202,000, an 11 year term, with a net present value savings of \$1,479,000.

Representative Rudy moved to approve the item, seconded by Senator McDaniel. The motion passed by a roll call vote of 7 yeas, 0 nays.

The second item was for the Kentucky Housing Corporation Tax-Exempt Conduit Multifamily Housing Revenue Bonds, Series 2016, in an amount not to exceed \$17,500,000. Proceeds from this bond issue will finance the construction and equipping of the Healing Place project, a 176 unit property in Louisville. This bond issue is a direct placement transaction with an anticipated interest rate of 5.50 percent.

In response to a question from Representative Wayne, Mr. Jeremy Ratliff, referred to Ms. Karen Haskell, President of the Healing Place. Ms. Haskell said that the Healing Place has demonstrated its success by having raised, to date, almost \$9,000,000 in an aggressive capital campaign and anticipates raising the remainder of \$8,000,000 over the next 30 months using the same campaign.

Representative Wayne commented that, as a clinical social worker, he frequently refers clients to the Healing Place. Further, Representative Wayne said that, in this time of crisis in the Commonwealth with drug overdoses and addictions, the Healing Place is a salvation for many people.

Senator McDaniel moved to approve the item, seconded by Representative Rudy. The motion passed by a roll call vote of 7 yeas, 0 nays.

The third item was for the Kentucky Housing Corporation Single Family Housing Revenue Bonds 2016, Series B, in an amount not to exceed \$45,000,000, and is a refund of Kentucky Housing Corporation 2007 E, G and H bonds. This issue is a negotiated transaction with a true interest cost of 2.8 percent and a term of 20 years. This taxable bond issue will refund certain Series 2007 bond issue, Series E, G and H, for an aggregate net present value savings of \$3.1 million at approximately 7.6 percent (7.9 percent Series E; 6.8 percent Series G, H combined).

Representative Wayne moved to approve the item, seconded by Representative Rudy. The motion passed by a roll call vote of 7 yeas, 0 nays.

The fourth item was the University of Louisville General Receipts Bonds, 2016 Tax-Exempt Series D; University of Louisville General Receipts Bonds, 2016 Taxable Series E; and the University of Louisville General Receipt Refunding Bonds, 2016 Series F. This bond will finance the project "Expand Papa John's Stadium/Football Complex" as authorized in 2016-2018 executive budget; and advance refund Louisville/Jefferson County Metro Government, U of L Papa John's Cardinal Stadium project, 2008 Series A and B. The par amount for Series D, E and F totals \$81,385,000, which includes \$28,985,000 in refunding monies, and new money of \$52,400,000. The net present value savings is \$2,167,000 or 6 percent.

In response to several questions from Representative Harris regarding the funding as

discussed in agenda item 5.B.: Appropriation Increase-Expand Papa John's Cardinal Stadium Football Complex, Mr. Sands said that the project itself is a combination of refinancing and additional debt on the stadium, which is also funded exclusively through revenues from seat sales at the stadium, and is self-contained in the athletics budget. Mr. Sands further said that no money would be coming from the LAA to pay on bonds that are going to be used to increase the size of the stadium.

Senator Carroll moved to approve the item, seconded by Representative Rudy. The motion passed by a roll call vote of 7 yeas, 0 nays.

The fourth item was the Western Kentucky University General Receipts Bonds, 2016 Series B, Parking Garage project, and General Receipts Refunding Bonds, Series 2016 Series C, dated October 25, 2016. The 2016 Series B bond issue consisted of \$8,905,000 in new money, priced at 3 percent. The refunding bond issue 2016 Series C had a par amount of \$27,395,000 and a true interests cost of 2.26 percent. These bond issues yielded a savings to the University of \$2,500,000, and resulted in a net present value savings of 8.8 percent. No action was required.

The final item was the Kentucky Housing Corporation Multifamily Housing Revenue Bonds, Volunteer Management project, Series 2016, dated October 21, 2016, at a par amount of \$8,500,000, and a net interest cost of 1.20 percent. No action was required.

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

Mr. Starkweather reported on seven school bond issues with SFCC debt service participation. Two issues will finance school renovations and the remaining five will refinance previous bond issues. There were no local tax increases associated with these projects.

Representative Rudy moved to approve the school bond issues, seconded by Senator Carroll. The motion passed by a roll call vote of 7 yeas, 0 nays.

New School Bond Issues with 100 Percent Locally Funded Debt Service Participation

Mr. Nacey said that seven local school bond issues were reported to the committee. The purposes for which these bonds will be issued include refunding of previous issues, construction of a new bus garage, and district wide energy improvements. No tax increases were involved. No action was required on this item.

Debt Issuance Calendar

Mr. Nacey said that the updated debt issuance calendar was included in the members' folders.

Lastly, Chairman Humphries said the committee had a resolution honoring Senator Chris Girdler for his four years of service to the Commonwealth and to the committee. Senator Humphries read the resolution being presented to Senator Girdler and, on behalf of the committee, extended its best wishes to Senator Girdler upon his departure of the General Assembly. The resolution also stated that, when the committee adjourns, it shall do so in honor of Senator Girdler.

With there being no further business, the meeting was adjourned at 1:52 p.m.

PUBLIC PENSION OVERSIGHT BOARD

Minutes of the 9th Meeting of the 2016 Interim

November 28, 2016

Call to Order and Roll Call

The 9th meeting of the Public Pension Oversight Board was held on Monday, November 28, 2016, at 12:00 PM, in Room 169 of the Capitol Annex. Senator Joe Bowen, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Joe Bowen, Co-Chair; Representative Brent Yonts, Co-Chair; Senators Jimmy Higdon and Gerald A. Neal; Representatives Brian Linder and Tommy Thompson; John Chilton, Timothy Fyffe, Mike Harmon, James M. "Mac" Jefferson, and Sharon Mattingly.

Guests: Beau Barnes, Deputy Executive Director, and Mark Whelan, Chief Financial Officer, Teachers' Retirement System; Donna Early, Executive Director, Judicial Form Retirement System, and Judge Laurance Vanmeter, Kentucky Court of Appeals; David Eager, Interim Executive Director, Kentucky Retirement Systems.

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

Approval of Minutes

Senator Higdon moved that the minutes of the October 24, 2016, meeting be approved. Mac Jefferson seconded the motion, and the minutes were approved without objection.

Senator Bowen brought attention to items within the file, including: a notice that the December meeting will be held on Monday, December 19, 2016, at noon; a summary of recommendations from the October meeting prepared by the Public Pension Oversight Board (PPOB) staff; the Quarterly Performance Update which now includes total fund benchmark data for the Teachers' Retirement System (TRS); and an update on HB 271 data information has been received and is available.

Senator Bowen stated that, approaching the 2017 Regular Session, the Governor will be releasing details from the performance audit of the state-administered retirement systems, which was funded in the biennial budget. The Board needs to be prepared to evaluate the findings and recommendations and work with the Governor's office to put the systems on better financial footing. The Board looks forward to working with the systems on legislative proposals and that its input and expertise is a necessary component. He expects the systems to provide assistance in a timely and accurate manner, and in particular, completing actuarial analyses on retirement bills as required by KRS 6.350. HB 238 requires the systems to submit actuarial valuations to the Legislative Research Commission (LRC) by November 15 and specifies valuation and reporting requirements including sensitivity analysis on key assumptions and a 20-year projection on employer rates.

Actuarial/Financial Update

Beau Barnes, Deputy Executive Secretary and General Counsel, and Mark Whelan, Chief Financial

Officer, Teachers' Retirement System (TRS) stated the fiscal year ending June 30 was a tough year for investment performance with the fund returning a -1.0 percent gross return and -1.29 percent net return. Moving a quarter later, to September 30, the one year return moves to 9.22 percent and illustrates how quickly things can change in the market. The fund tries to focus on the longer term and over the past 30 years, compounded returns for the system have been 8.15 percent gross of fees. Net of fees, the system would probably be in the neighborhood of 8.09 percent for that period of time. TRS is able to achieve these investment returns because it has had the discipline to adhere to investment fundamentals. Mr. Barnes referred to information provided by their consultant, AON Hewitt, which was presented to the TRS Board regarding the importance of risk-reducing assets versus return-seeking assets. Exposure to both is important for plans such as TRS, as it demonstrates the need to have a diversified portfolio. TRS is well-diversified and invested in international and domestic stocks, bonds, and real estate. For example, TRS owns several Wal-Mart and Super Lowes' buildings within their real estate portfolio that are leased back to those companies at a rental or lease rate.

Mr. Barnes discussed the pension valuation findings for year ending June 30, 2016, performed by Cavanaugh MacDonald Consulting, LLC. The valuation noted a market return of -1.0 percent gross of fees and -1.29 percent net of fees. The market value of the fund decreased \$1.2 billion, which was due to investment losses and negative cash flow experienced during the year. TRS had to sell \$650 million in assets during the year to cover a shortfall in contributions and investment income. Mr. Barnes noted that everything in the valuation predates the additional funding that was provided by the General Assembly and Governor, thus future testimony will look very different.

In response to a question from Senator Bowen, Mr. Barnes said even if requested funds had been received, there would still have been manageable negative cash flow and TRS could have avoided selling assets.

Mr. Barnes said the return on actuarial value for the one year was 7.6 percent (compared to 7.5 percent assumption). TRS noted the actuarial market values are not calculated year by year, week by week, or day by day, but by a five-year actuarial smoothing process.

In response to a question from Senator Bowen, Mr. Barnes said that he did not believe the investment staff had computed the requested amount of appropriations, but would have them go back to the 2015 year and report back to the PPOB.

In a response to a question from Senator Higdon, Mr. Barnes discussed the investment return assumption utilized in the actuarial analysis and the difference between gross and net returns.

Mr. Barnes reported the funding ratio decreased slightly, from 55.3 percent in the previous year to 54.6 percent in the fiscal year ending June 30, 2016. During the year, TRS received about 57 percent of the recommended employer contributions for the year. The projected contribution for FY 2019 is an additional \$554 million. The great news is that the 2016-2018 budget contributes an additional

appropriation of \$973 million.

Mr. Barnes discussed an Experience Study, which the actuary conducted by taking a five-year lookback at key assumptions used in the valuation. The study resulted in changes to several assumptions. Assumed price inflation was lowered from 3.5 percent to 3 percent. Assumed wage inflation, which is the total teacher payroll, was lowered from 4.0 percent to 3.5 percent. Assumed merit salary scale was decreased by 0.25 percent for all ages. Assumed rates of withdrawal, disability, retirement, and mortality were all adjusted to better match experience of the system. As a result of these assumption changes, liabilities were decreased by around \$297 million.

In response to a question from Mac Jefferson, Mr. Whelan stated that the actual payroll growth from 2015 to 2016 was approximately 1.8 percent.

In response to questions from Senator Higdon, Mr. Barnes stated the lowered wage inflation is an assumption that ultimately does not increase the unfunded liability today. The assumption was changed as a result of payroll not increasing as greatly as projected over the past five-year period. TRS gets a percent of payroll as contributions, so that is not reflected in an increase to the unfunded liability. However, if contributions received are lower than projected, this shortfall will ultimately be made up through an increased ARC in the future.

Mr. Barnes discussed a breakdown of actuarial experience gains and losses during the fiscal year ending June 30, 2016. The actuarial return on assets was 7.6 percent versus the assumption of 7.5 percent, which resulted in a gain of \$14.2 million. Salary increases served as a slight actuarial gain of \$64.5 million, while turnover and retirements resulted in a loss of \$135.2 million. Mortality resulted in a loss of \$71.1 million and new entrants were a loss of \$37.9 million. Contribution shortfalls accounted for the largest loss of \$472.4 million, while assumption changes served as a gain at \$297.2 million.

Mr. Barnes reviewed the fund's total liability of \$36.6 billion. Currently assets comprised \$17.4 billion, member contributions were \$2.9 billion, employer normal cost accounted for \$1.6 billion; and unfunded liabilities were \$14.5 billion. Looking at recent funded percentages shows that funded status has remained fairly consistent. In 2011, TRS was 57.4 percent funded and in 2016 it is 54.6 percent funded, which is largely due to investment performance during that period of time.

Mr. Barnes discussed the fund's GASB 67 valuation and the different assumptions used in its calculation. GASB 67 is unusual in that it assumes a worst case scenario and also assumes a depletion date will be reached in the future. It also uses a municipal bond index rate (which is much lower than the 7.5 percent assumed rate) as an assumed rate after the depletion date. Under GASB 67 standards, TRS funded status would move to 35.2 percent versus the 54.6 percent using funding standards. Actuaries for TRS have instructed the TRS Board not to focus or worry on GASB results.

Mr. Barnes discussed the medical insurance fund valuation, which reported the funded status of the medical insurance fund had increased to 21.88 percent as of June 30, 2016, from 18.09 percent on

June 30, 2015.

In responding to a question from Senator Bowen, Mr. Barnes and Mr. Whelan explained that for retiree health the state pays an employer contribution, active teachers are paying 3 percent per paycheck and school districts are matching the 3 percent. Retired teachers under age 65 are also paying a Medicaid Part B premium equivalent and the Commonwealth is picking up the cost of new retirees under age 65, who retired on or after July 1, 2010. With all these groups together there is 163.8 percent of ARC.

Similar to pension fund, the same assumptions changes were made for the medical insurance fund. This resulted in an increase to liabilities of \$219 million, but this was offset by lower than assumed costs from the two different health care plans. TRS retirees participate in the Medicare Eligible Health Plan (MEHP), which is managed by TRS staff, and all active teachers and retired teachers under the age 65 participate in the Kentucky Employees Health Plan (KEHP), administered by the Personnel Cabinet, Department of Employee Insurance (DEI). DEI and TRS staff have kept costs low and the overall effect decreased liabilities by \$278 million.

Mr. Barnes provided and discussed the sensitivity analysis conducted on changes to the discount rate, price inflation, and payroll growth assumptions. Regarding the discount rate, lowering it to 6.5 percent would result in a funded ratio of 48.9 percent (versus 54.6 percent), while increasing it to 8.5 percent would increase the funded ratio to 60.6 percent. Regarding the rate of inflation, the current valuation assumes a 3.0 percent inflation rate and 3.5 percent payroll growth. Under this scenario, as the underlying inflation rate is lowered, the discount rate and payroll growth assumption are also adjusted. Lowering the rate of inflation to 2.75 percent would result in a funded ratio of 53.4 percent (versus 54.6 percent), while lowering the rate to 2.5 percent would reduce the funded ratio to 52.1 percent.

Regarding payroll growth, the current valuation assumes a growth of 3.5 percent and a funded status of 54.6 percent. Under this scenario, all other assumptions, including the individual member salary scale, are held constant so that the only impact is in the amortization of the unfunded liability, leading to higher employer contribution rates. Lowering the rate to 2.0 percent would result in an ARC of 35.245 percent (versus 30.755 percent), while reducing the rate to 0 percent would increase the ARC to 41.985 percent.

In response to a question from Mr. Fyffe, Mr. Barnes stated the inflation rate assumption is connected to several other assumptions. The inflation assumption is linked to the payroll growth rate, so the greater inflation the greater the anticipated payroll. Same with the discount rate. Mr. Barnes also stated that the actuaries make recommendations to the Board of Trustees and the Board evaluates those recommendations, accepting them if warranted.

Senator Higdon commented that the systems needed uniform reporting on net of fees.

Mr. Barnes discussed the financial statements for the fiscal year ending June 30, 2016. He stated total contributions received were \$1.2 billion as additions. Investments income was affected by a bad market

for the year and the value of the portfolio declined \$198 million. Investment expenses offset with total additions resulted in just over \$1 billion. Even in a difficult year with a negative cash flow of \$650 million and a market that was tough for all investors, there was still a total of additions at a little over \$1 billion. Total deductions were \$2.1 billion, with the largest factor being benefits paid. The net decrease for the year was \$1.1 billion. The net position at the beginning of the year was \$18.7 billion and the end of year it declined to \$17.6 billion.

Actuarial/Financial Update

Donna Early, Executive Director, Judicial Form Retirement System, and Judge Laurance Vanmeter, Kentucky Court of Appeals presented. Ms. Early stated following the legislative action in 2013, a hybrid plan was created within the judicial and legislators' plans. Each plan is maintained separately for investment, funding, and reporting purposes.

A full actuarial valuation of each plan, which includes a collection of updated census data and trust information, is conducted every other year. The last such valuation was prepared as of July 1, 2015. Actuarial assumptions and methods used in the valuation are established by statute or the System's Board of Trustees.

The 2016 valuation is for GASB purposes, and it is primarily a roll-forward valuation of each plan. There were no changes to actuarial assumptions or methods from the July 1, 2015 full valuation.

The primary driver of the change in funded position from July 1, 2015 to July 1, 2016 was a lower than expected investment return. For the defined benefit plans, the long-term rate of return assumption is 7.0 percent. The blended discount rate for GASB purposes was 6.41 percent for the Judicial Defined Benefit Plan and 6.85 percent for the Legislators' Defined Benefit Plan.

Mr. Early discussed the importance of the salary increase for both plans and the membership is confined to certain people who qualify. For example, there are 138 members in the legislators' plan, and there can never be any more than 138 members of the General Assembly. The salary assumption is 1 percent for three years and then 3.5 percent after that.

Judge Vanmeter stated that, in the prior FY ending June 30, 2016, Judicial increased 1.3 percent and the Legislators' increased 2.5 percent, but since June 30 both plans had increased 4.5 percent.

Responding to a question from Senator Bowen, Judge Vanmeter stated from the prior biennium the appropriation was \$16 million and the last and most recent appropriation went down to \$13 million. Judge Vanmeter stated it would be hard to say if any additional funds will be requested.

Actuarial/Financial Update

David Eager, Interim Executive Director, Kentucky Retirement Systems (KRS) started by highlighting three messages at a high level. First, looking back the FY ending June 30, 2016, was not a good year for investment returns as the KRS total fund dropped 0.5 percent. However, the valuation process takes a smoothed approach, so the return utilized in the valuation was a little over 4 percent. Secondly, there was a growth in the unfunded liability of about \$1.5 billion and approximately \$1 billion was

attributable to a change in the discount rate for the Kentucky Employees Retirement System (KERS) non-hazardous. Third, Mr. Eager discussed the funding status of KRS and noted the five individual plans and their specific dynamics. For example, when the media announces that KRS is the worst funded system in the country at 17 percent, it really references just one plan out of five even though the media and public associates the 17 percent funded status with all five plans. Each system has differences. The funded status is different and the active versus retirees is different. While our current social security system is set up with approximately three active employees to every retiree, KRS has two plans that are less than one to one. The KERS non-hazardous has 38,000 active employees and 40,000 retirees. The State Police Retirement System (SPRS) is worse, although there are far fewer people within the system, there are more retirees.

Mr. Eager discussed a need to develop a comprehensive plan to address the funded status and noted the KRS Board of Directors was actively working on one. The plan will include funding, investments, assumptions, and communications that deal with how the plan can get from where it is to where it needs to be. KRS believes input from the upcoming PFM audit, as well as recommendations for the Public Pension Oversight Board can all be contribute to developing the plan. There also is a need to be actively challenging our actuaries on assumptions given the current needs of some of our plans.

Mr. Eager discussed the actuarial valuation process, using the example of an individual employee given that the valuation is an aggregate value of each person in the plan. There are known valuation variables such as age, salary, sex, service to date, and occupation. There are also assumed variables or assumptions such as, future salary increases, retirement date, death rates before and after retirement, disability rates/other termination rates, and investment return. Using the assumptions, KRS can then know how much is needed to fund a person's retirement and when the last payment will be made. Unfortunately, the assumptions or contribution levels are not always met and thus additional money is needed. Mr. Eager stated that going forward KRS is going to treat each of the five plans independently based on their needs, specifically with the way assets are invested.

Mr. Eager summarized each plan's total assets as of June 30, 2016, noting there were \$11.861 billion of assets for all plans combined. This compared to \$12.686 at the close of FY 2015. The investment return was negative 0.5 percent, but the big problem was cash flow where the benefit payments exceed the contributions by about \$700 million. There was \$1.8 billion going out and \$1.1 billion coming in.

Mr. Eager discussed the systems unfunded liability and provided key drivers of the increase from the prior year. In total, KRS has \$21.17 billion in unfunded liabilities across the five plans, with the greatest amount represented by KERS non-hazardous pension at \$11.1 billion. The total unfunded liability went up by \$1.5 billion and \$1 billion was due to the change in the actuarial assumption; \$300 million due to investment returns being at the actuary rate of 4 percent instead of 6.75 percent or 7.50 percent; and

demographic factors were at \$200 million.

Mr. Eager discussed the funded ratios and highlighted the KERS non-hazardous plan at 16 percent and SPRS at 30.3 percent. The other plans are all around 60 percent. The contribution rates in general went up with SPRS at 71.57 percent, KERS non-hazardous at 41.98 percent, KERS hazardous at 20.48 percent, County Employees Retirement System (CERS) non-hazardous at 14.48 percent, and CERS hazardous at 22.20 percent.

Mr. Eager discussed the sensitivity analysis and stated KRS is in process of reviewing with the actuaries and has until May to decide what assumptions will be made. He discussed the investment return (discount rate), inflation assumptions, and payroll growth assumptions for the current 2016 valuations. Mr. Eager stated the better funded plans are more affected by changes in the discount rate.

In response to a question from Senator Bowen, Mr. Eager stated participants in the hybrid cash balance plan are included in the projections, but the problem is there are so few people in the cash balance plan and they tend to leave (turnover rate is high) more often. As a result, the positive impact for the overall system from the cash balance plan is going to be 20, 25 to 30 years down the road.

With regards to the payroll growth assumption, focusing on KERS non-hazardous, the valuation is using a 4 percent assumption. Over the last 10 years, there are maybe two years that we had positive growth and it has been negative more recently due to people or employers leaving the plan. So wages might be increases, but the population is not. Mr. Eager stated the payroll growth does not affect the funded status, but you do see contribution rates increase significantly given the growth rate declines.

In response to a question from Mac Jefferson, Mr. Eager stated the additional funding to pay the accumulated liability comes from legislation.

Mr. Eager continued by discussing the total KERS pension liability, which is \$15.59 billion. An issue is the retired benefits payable is \$10.22 billion of the amount, while active employees only account for 4.93 billion.

In response to a question from Senator Bowen, Mr. Eager stated that the negative cash flow for all plans exceeded the income by \$700 million a year. KERS is about \$300 million per year. Total assets are about \$1.9 billion.

Representative Graham stated that the PPOB should look at the privatization on state hires and find out why employment has reduced from approximately 41,000 to 31,000 employees. It would give an indication as to how much funding is missing.

Representatives Yonts noted a lawsuit filed involving Western Kentucky University (WKU) and the pension system where WKU has outsourced lawn care. He stated the same situation has also occurred with all food services and medical services within Corrections, all medical services with any hospital operated by the state, and most of engineering in the Transportation Cabinet. Representative Yonts stated that there should be a statute that allows privatization, but still requires a payment into the system.

With no further business, the meeting was adjourned. The next regularly scheduled meeting is

EDUCATION ASSESSMENT AND ACCOUNTABILITY REVIEW SUBCOMMITTEE

Minutes

November 15, 2016

Call to Order and Roll Call

The November meeting of the Education Assessment and Accountability Review Subcommittee was held on Tuesday, November 15, 2016, at 10:00 a.m., in Room 129 of the Capitol Annex. Senator Mike Wilson, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Mike Wilson, Co-Chair; Representative James Kay, Co-Chair; Senators Alice Forgy Kerr, Gerald A. Neal, and Max Wise; Representatives Linda Belcher, and Mary Lou Marzian.

Legislative Guests: Representative Derrick Graham.

Guests: Erin Klarer, Vice President of Government Relations, KHEAA; Eric Kennedy, Director of Governmental Relations, KSBA; and Wayne Young, Executive Director and General Counsel, KASA.

LRC Staff: Joshua Collins, Yvette Perry, Janet Stevens, Avery Young, and Maurya Allen.

Representative Kay moved to approve the minutes, seconded by Representative Belcher. The motion passed by voice vote.

Presentation: 2015-2016 Unbridled Learning Assessment and Accountability Results

Commissioner Stephen Pruitt, Kentucky Department of Education (KDE), said that this would likely be the last time that assessment and accountability results would be presented in this form because of the phasing out of “Unbridled Learning” and the forthcoming new accountability system in compliance with the federal Every Student Succeeds Act (ESSA). The new system will return focus to students and quality instruction, with less emphasis on testing. The data shows from the 2015-2016 Unbridled Learning assessments shows is a continuation of an appalling achievement gap, likening the assessments to an autopsy which only shows where things have been going wrong after the fact. The achievement gap represents an opportunity gap that his office is dedicated to finding ways to close.

Ms. Rhonda Sims, Associate Commissioner, Office of Assessment and Accountability, KDE, said that all the data presented is also available in more detail on the KDE website. The website also has breakdowns of the data by school district and comparisons to state-wide data. Some key observations from the data were improvements in graduation rates and college and career readiness rates. Achievement in math scores also has increased. She noted continued concerns with the achievement gap. Also, while the addition of novice reduction calculations impacted overall scores, and the calculation was sensitive to small counts of students, there was no reflection of a starting point regarding percentage of novices and there were similar number of schools with increases

and decreases in scores.

Commissioner Pruitt said that his negotiations with the U.S. Department of Education regarding the implementation timeline for the new assessment and accountability system stemmed from some of these observations. In his opinion, the department needs more time to populate databases that can accurately reflect change over time. He wants to make sure that the data they collect is valid and measures what they are attempting to measure in terms of student success. In particular, the current data collection methods addressing the achievement gap have been problematic because they combine so many different areas, making it hard to pinpoint the real source of problems.

Ms. Sims said that the data they have is sensitive to small counts in regard to novices and that rankings are no longer reported because it was an inaccurate depiction of student and school performance. She presented the Annual Measurable Objective (AMO) scores and participation rates which are federally required statistical measures. These showed a higher than required participation rate of 99.7, largely because of high participation among elementary school students, but a slightly below target Graduation Rate of 88.6 (goal of 89.6). She then illustrated how these were calculated using the federal standard formula. Accountability calculations use a four-year adjusted cohort rate. So the number of students (cohort) who earned a regular high school diploma by the end of the current school year is divided by the number of students entering grade nine (starting cohort) four academic years earlier, adjusting for students moving into and out of the cohort in the past four years. The four-year adjusted cohort rate is used to determine whether federal graduation rate goals are met. She showed a graph illustrating a slight increase in the four-year adjusted cohort graduation rate from 86.1 in 2013 to 88.6 in 2016. While these are encouraging trends, the disaggregated rates for minority, free/reduced price lunch, and disabled students are still lagging and are indicators of a continuing achievement gap for these groups of students.

Ms. Sims discussed the Next-Generation Learners categories, starting with college and career readiness scores. Under the Unbridled Learning accountability system, high schools receive points based on graduates meeting college ready and/or career ready indicators. Schools receive one point for each student qualifying as college ready by achieving benchmark scores on the ACT, COMPASS, or KYOTE tests. The COMPASS test is being phased out and will no longer be available on the market. To receive one point for a student as career ready, the student must meet benchmark scores on both a career-ready academic exam (WorkKeys or ASVAB) and on a career-ready technical exam (KOSSA or industry certificate). Students who achieve benchmarks in both college ready and career ready categories earn the school an additional half point. Commissioner Pruitt pointed out that this was an area which has received a great deal of discussion in the ongoing process of developing a new accountability system. There are indications that it would be more helpful to eliminate the qualifiers of “college” and “career” and simply consider students “ready.” This would allow for

greater flexibility for students to learn necessary skills in different pathways than the traditional pathway to graduation. Ms. Sims said that the tests have been a very static measure and a more dynamic understanding is currently being sought. To be included in the college and career ready scores, a student must be a graduate first. While the points system has been a motivator for schools to consider career ready pathways as valuable as college ready ones, it may no longer be necessary.

Achievement in the categories of Proficient and Distinguished have also been steady. Schools earn one point for Proficient/Distinguished, a half point for Apprentice, and no points for Novice scores. A bonus half point is also available for more distinguished than novice students. Ms. Sims said that the Gifted and Talented community has been supportive of this because it allows for the acknowledgement of distinguished level achievements. Commissioner Pruitt said that the current desire for students to “test when ready” will likely have an influence on these scores. If a 5th grade student is excelling in mathematics, he may be ready for the 7th grade math test. In that situation, however, he may only receive a Proficient score, where he could have received a Distinguished score on a 5th grade test. He said this is an interesting aspect to consider when viewing student and school scores in the future.

Ms. Sims illustrated the encouraging improvements in math scores among all grade levels and said this likely reflects better understanding of new math standards and implementation. She discussed the achievement gap, which is calculated using two measures. The first involves a “super group” where African American, Hispanic, American Indian, limited English proficiency, free/reduced price lunch (FRPL), and disabled students are counted in a non-duplicated aggregate, meaning that while a student may be both African American and receiving FRPL, they are only counted once in the total. The percentage of the super group scoring Proficient or higher in all content areas is the first measure. The second is the novice reduction targets for reading and mathematics, which was new for 2016. The annual novice reduction targets are set for individual student groups and for the super group, if those groups had 10 or more novice students in 2015. The annual novice decrease was set at 10 percent of that number. Points were awarded based on the percent of the target met, and this process allowed for very fine detail calculation.

Commissioner Pruitt said that the focus on closing the gaps began at KDE before his tenure, but it continues to be his top priority. The goal of education should be to meet students where they are and real innovations are necessary to do that. Novice reduction is largely a focus on improved instruction and he strives to see even more improvement in this area. Ms. Sims said that in looking at data on the super group for signs of improvement, there have been gains in several areas. Among them have been improvements in the number of Proficient/Distinguished scores on reading and math tests among elementary school students; on reading, math, social studies, and writing tests among middle school students; and on reading, math, social studies, and language mechanics tests among high school students. However, the reduction of novice scores in reading, especially among high

school students, has largely not met goals. This is prompting questions regarding the instruction these students receive prior to their high school careers. Tables were presented which illustrated the state wide gap regarding percent of novice reduction target met for individual groups as well as the super group. Some groups showed improvement, but the super group did not meet the novice reduction target in elementary reading, middle school reading, or middle school math. High school scores in reading and math had improvement, but did not reach the target for novice reduction.

Ms. Sims said the overall score for Unbridled Learning combines Next-Generation Learners scores and Program Review scores. The weighted score for Next-Generation Learners was 44.7 and for Program Reviews it was 23, for an overall score of 67.7. The combined overall score target of 66.2 was set and locked in March 2016 to provide a target for fall 2016 reporting. Ms. Sims reminded the committee that the accountability classifications of Distinguished, Proficient and Needs Improving are state labels. Federal considerations include the AMO, which is an improvement goal, and the Participation Rate and Graduation Rate, which are data requirements. Federal labels of Distinction, High Performing, High Progress, Priority, and Focus are used for the assignment of federal rewards and assistance. The percent of all schools that are at Proficient/Distinguished level has risen from 56 percent in 2014-15 to 63 percent in 2015-16. The number for high schools has been even higher, influenced by many factors including going to a cohort rate over the last several years.

Commissioner Pruitt said that the first step has been acknowledging that it existed and taking ownership of the problem. This was not a situation that occurred suddenly but is the result of years of ignoring the problem. Now is the time to take any steps necessary to help all the students across the Commonwealth rise and meet their full potential.

Chairman Wilson commended the commissioner for making the achievement gaps his top priority. He said that the General Assembly also needed to take ownership of the problem and reflected on how many students must have fallen through the gaps even during his six-year tenure as a legislator. He committed to helping in any way possible to address and resolve this serious problem. He said that one-third of Kentucky students are not ready for postsecondary education, which is discouraging. Universities no longer consider ACT scores as sufficient indication of college readiness, looking more at persistence, school attendance, and involvement in extracurricular activities. The state's accountability system should similarly take a whole child approach.

In response to a question from Representative Belcher, Ms. Sims said that the approximately one percent of students with severe disability are counted in the college and career ready statistics if they meet the benchmarks in the Transition Attainment Record which is a checklist designed specifically for their needs. However, under No Child Left Behind federal guidelines, they were not counted for graduation rates and they do not receive the same diploma as

their non-disabled peers. This provision should change under the ESSA guidelines and this will greatly improve hiring prospects for these students. One of the initiatives currently underway at the KDE special education department is enhancing workplace networking opportunities for the one percent of students with severe disabilities to assist them in the transition from school to work. Commissioner Pruitt reminded the committee that there is a difference in graduation rates used for accountability and graduation requirements. He does not want to tie Kentucky graduation requirements too closely to the federal ESSA requirements so that Kentucky can retain full control over any future changes.

Responding to another question from Representative Belcher, Commissioner Pruitt said that opting out of assessment is not an option for any Kentucky parent or student, regardless of disability status. He encourages this because he does not want to place any restrictions on what is expected of students because often, when they are allowed the appropriate support, they can excel. Sometimes to the surprise of even their own parents. He stressed that it should be the goal of the department to educate teachers in the best ways to prepare students and through that we should see the best outcomes for all students.

Representative Kay said that the committee heard a report on the achievement gap in their last meeting and that he has been trying to best understand the various suggested approaches to address it. In his opinion, the best positive change comes from the leadership on the ground – teachers. However, teachers in the Commonwealth today are worried about their pensions and spending money out-of-pocket because of lack of resources. These things negatively impact their ability to do the best job they can for their students. Legislators need to do what they can to invest more in educators and the department needs to focus on enhancing and supporting the leadership of teachers. Kentucky has a “pursuit” culture, not an “achievement” culture. The goal should not be to reach a milestone, but to use milestones as stepping stones to lifelong learning.

Representative Graham said that he appreciated the tenacity of the commissioner. He challenged the General Assembly to recognize that the commissioner and KDE cannot do all of the work alone, but will need resources and support that the General Assembly can provide. Investment in education, especially early childhood education, is an investment in closing the opportunity gaps at their source. He encouraged members to continue listening to KDE and to teachers because they are on the ground and in the schools every day so they will be best equipped to know how to move education forward.

Office of Education Accountability's Proposed 2017 Research Agenda

Mr. David Wickersham, Director, Office of Education Accountability (OEA), and Dr. Bart Liguori, Division Director of Research, OEA, came forward to present the proposed 2017 research agenda. Mr. Wickersham said that the enabling legislation for OEA states that the committee must adopt an annual research agenda for OEA on or before December 1st each year. The annual agenda may include studies, research, and investigations

considered to be significant by the committee.

For 2017, OEA proposes preparing the annual district Data Profiles, which are always well received. OEA proposes that the Compendium of State Rankings, previously published biennially, next be published in 2020 and then on a five-year cycle. Any significant changes in state rankings between 2016 and 2010 will be brought to the committee's attention in the form of memoranda. He highlighted three proposed study topics.

The first study topic is an examination of a study of high school indicators and their association with postsecondary success. High school indicators will include course grades, school attendance, mobility, and test scores on the ACT and K-PREP end of course exams. Measures of postsecondary success would include both postsecondary education data (attendance at a Kentucky college or university, college persistence, credit attainment, college GPA, and graduation) and workforce participation data (wages and participation). This report would also include regional and demographic differences in the relationship between these measures.

The next topic is a study to examine school attendance in Kentucky at the state, district, and school levels, compared to attendance rates in surrounding states. The study will also examine the relationship between chronic absenteeism and school mobility on educational outcomes at the school and student level. School and district level factors will include accountability scores and components, as well as possible impact of attendance on funding. Efforts will be made to measure differences based on factors such as geography, race/ethnicity, special education, free/reduced price lunch status, and English language learner status. The study would also analyze efforts to improve attendance at the school and district levels. Mr. Wickersham noted that, at the suggestion of legislators, the report would examine the impact of compulsory attendance laws, such as those made by Senate Bill 97 of the 2013 Regular Session, on graduation rates, test scores, student discipline, and enrollment in homeschooling or alternative school settings. Additionally, the study will examine the impact of Senate Bill 200 of the 2014 Regular Session, known as the Juvenile Justice Bill, on school attendance and school discipline. Because both of these pieces of legislation are relatively recently enacted, the study may address these topics using school and district level site visits and/or surveys.

The third study is of funding, enrollment, and characteristics of preschool and kindergarten programs at the state and district levels, including the number of districts that are implementing full day kindergarten. In regards to preschool, the study will analyze variation among districts in the percentage of eligible student that enroll in preschool; preschool attendance rates; preschool revenue versus expenditures; preschool students eligibility based on family income versus disability; and kindergarten readiness based on the Brigance screener. The study will also compare Kentucky preschool data to national preschool data on enrollment, funding, student/teacher ratios, teacher qualifications, and other program characteristics and quality measures. Based on data availability, comparisons will be made

between state funded preschool and other preschool options available throughout the Commonwealth.

Additionally, this third study will examine full-day kindergarten regarding the costs districts incur above the half-day SEEK funding districts receive per student. A review will be conducted to determine how Kentucky compares to surrounding states in regards to kindergarten funding and instructional time required. Based on available data, this study will explore the relationship between enrollment in full-day kindergarten and academic achievement. Mr. Wickersham noted that this is a difficult data point, but one that OEA will look into and provide what feedback they can.

Chairman Wilson noted that the third study should address early childhood concerns that were referenced by Representative Graham. He also is interested in what impacts Senate Bill 200 has had on school attendance and discipline. Regarding high school indicators associated with postsecondary success, Chairman Wilson asked if OEA intended for the workforce data, including where graduates are working and the wages they are receiving, to be linked with school indicators to determine if school success would have predicted workforce success. Mr. Wickersham said that they would attempt to present that information to the extent that they can capture data.

There being no further questions, Representative Belcher made a motion to adopt the research agenda as presented. Representative Kay seconded, and the motion passed by voice vote.

Representative Kay thanked the OEA staff for their work. With no other business, Chairman Wilson adjourned the meeting at 11:15 a.m.

GOVERNMENT NONPROFIT CONTRACTING TASK FORCE

Minutes of the 6th Meeting of the 2016 Interim

November 15, 2016

Call to Order and Roll Call

The 6th meeting of the Government Nonprofit Contracting Task Force was held on Tuesday, November 15, 2016, at 1:00 PM, in Room 131 of the Capitol Annex. Representative Russ A. Meyer, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Russ A. Meyer, Chair; Senator Max Wise, Co-Chair; Senators Danny Carroll, Denise Harper Angel, and Stephen West; Representatives Dennis Horlander, Arnold Simpson, and Addia Wuchner; Promod Bishnoi, Cyndee Burton, Danielle Clore, Andrew English, Tim Feeley, Robert Jones, Mardi Montgomery, Judy Piazza, and Michelle Sanborn.

Guests: Heather French Henry, Deputy Commissioner, Department of Veterans Affairs and Charlie Harman, Department of Education.

LRC Staff: Judy Fritz, Karen Powell, Van Knowles, and Jay Jacobs.

Representative Simpson moved to approve the October 24, 2016 meeting minutes. Andrew English seconded the motion. The motion carried with a voice vote.

Discussion of and Voting on Task Force Recommendations

Representative Meyer opened the floor for discussion of the six proposed recommendations. Numerous questions were asked by members and it was decided that the recommendations needed more clarity and direction of who would carry them out.

Representative Meyer called for a brief recess to meet with LRC Staff and the Co-Chair to amend the proposed recommendations.

Representative Meyer called the meeting to order.

Senator Wise made a motion that the Finance Cabinet coordinate an ongoing collaboration between state agencies and nonprofits who contract with the Commonwealth to explore the following:

The state mirroring all or part of OMB Uniform Guidance regulations and standardizing definitions;

B. Address gaps between state and federal indirect cost reimbursement rates;

C. Streamline the Commonwealth's contracting and auditing processes; and

D. Establish and implement training of the state contracting processes and the OMB Guidelines for both Kentucky nonprofits and state agencies.

The motion was seconded by Representative Wuchner and a roll call vote was requested by Representative Simpson which resulted in a unanimous yes vote.

The recommendation approved by the task force will be included in the final report and will be sent to the Legislative Research Commission and to the Governor.

Each member of the task force will be mailed a copy of the Final Report, which is due no later than December 1, 2016.

There being no further business, the meeting was adjourned at 2:21 p.m.

2017 Prefiled Bills

BR3 - Representative Lewis Nicholls
(12/5/2016)

AN ACT relating to reentry drug supervision.

Create new sections of KRS Chapter 439 to require the Department of Corrections to implement a reentry drug supervision pilot program for certain inmates and parolees with substance use disorders; provide that a reentry team consisting of a hearing officer, a parole officer, a reentry liaison from the Division of Probation and Parole, a social service clinician, a public defender, and a designated representative from a community mental health center administer and oversee the pilot program; allow the Parole Board to determine the participants in the pilot program; outline pilot program requirements such as weekly drug screens, group therapy sessions, and meetings with the reentry team; give the department until March 2018 to implement the pilot program.

(Prefiled by the sponsor(s).)

BR22 - Representative Brent Yonts
(6/15/2016)

AN ACT relating to crimes and punishments.

Amend KRS 532.090 to establish gross misdemeanors as a new category of misdemeanor offense and set penalty range; amend KRS 439.340 to make parole mandatory for Class D offenders who are not violent offenders or sexual offenders and have not committed any violent acts while incarcerated; amend KRS 218A.135 to require that certain findings specific to the defendant be utilized in pretrial release decisions; amend KRS 532.080 to make persistent felony offender sentencing discretionary; amend KRS 534.070 to increase jail credit for fines; amend KRS 530.050 to create three-tiered offense of nonsupport; amend KRS 24A.110 to ensure that jurisdiction over gross misdemeanor cases is in the District Court; amend various sections of the Kentucky Revised Statutes to conform; repeal KRS 431.060.

(Prefiled by the sponsor(s).)

BR32 - Representative Lewis Nicholls
(11/3/2016)

Direct the Transportation Cabinet to designate a bridge on United States Highway 23 in Greenup County as the "Greenup County Korean War Veterans Bridge."

(Prefiled by the sponsor(s).)

BR33 - Representative Lewis Nicholls
(11/3/2016)

Direct the Transportation Cabinet to erect signage on United States Highway 23 in Greenup County that read "Home of 1978 Pulitzer Prize Winner Richard Whitt."

(Prefiled by the sponsor(s).)

BR34 - Representative Lewis Nicholls
(11/3/2016)

Direct the Transportation Cabinet to erect a sign declaring Greenup County as the "Home of 1984 Kentucky Poet Laureate Clarence 'Soc' Clay."

(Prefiled by the sponsor(s).)

BR35 - Representative Jerry Miller
(8/22/2016)

AN ACT relating to the filing deadline for candidates running for a seat in the General Assembly.

Amend KRS 118.165 to change the filing deadline for candidates for offices to be voted for by the electors of more than one county and for members of Congress and members of the General Assembly from the last Tuesday in January, to the Tuesday prior to the third Monday in January; amend KRS 117.055 and 118.215 to conform.

(Prefiled by the sponsor(s).)

BR37 - Representative Joni Jenkins
(12/9/2016)

AN ACT relating to competency hearings conducted in guardianship proceedings.

Amend KRS 387.570 to allow a bench trial in a disability hearing when the parties agree, there is no objection from interested parties, and the judge finds no cause to require a jury trial; amend KRS 387.580 to conform.

(Prefiled by the sponsor(s).)

BR38 - Senator Ralph Alvarado
(12/7/2016)

AN ACT relating to credit freezes for protected consumers.

Create a new section of KRS 367.363 to 367.365 to define "protected person," "representative," and "sufficient proof of authority"; require a consumer reporting agency to place a security freeze on a protected person's record or report upon proper request by a representative; require the freeze to be placed within 30 days of receiving the request; set forth when the credit reporting agency is required to remove the freeze; allow the credit reporting agency to charge a fee under certain circumstances; establish penalties for violations.

(Prefiled by the sponsor(s).)

BR39 - Senator Ralph Alvarado
(12/7/2016)

AN ACT relating to medical review organizations.

Amend KRS 311.377 to add medical malpractice actions, actions arising out of review of credentials or retrospective review and evaluation, and actions by an applicant for or grantee of staff privileges to materials that are confidential and privileged and not subject to discovery, subpoena, or introduction into evidence, in any civil action in any court.

(Prefiled by the sponsor(s).)

BR40 - Senator Ralph Alvarado
(12/7/2016)

AN ACT relating to responsible real property ownership.

Amend KRS 258.095 to modify the definition of persons who would qualify as the "owner" of a dog for purposes of that chapter.

(Prefiled by the sponsor(s).)

BR51 - Senator Gerald Neal
(12/9/2016)

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; establish a charter school pilot project and identify charter school authorizer; define terms; describe the characteristics and the requirements of a charter school; identify the requirements and the components of a charter school application; describe the responsibilities of authorizers; describe charter school renewal and revocation processes; identify the components of a charter school annual report; identify the requirements for student enrollment; create a new section of KRS Chapter 159 to identify student enrollment and withdrawal requirements to be followed by a charter school; create a new section of KRS Chapter 161 to identify charter school staff as employees of the authorizer; specify that charter school employees are covered under any existing collective bargaining agreement; create a new section of KRS Chapter 157 to specify the charter school funding process.

(Prefiled by the sponsor(s).)

BR56 - Representative Darryl Owens
(12/9/2016)

AN ACT relating to expungement.

Amend KRS 431.073 to make additional offenses eligible for expungement; reduce filing fee for felony expungement from \$500 to \$200; amend KRS 431.076 to allow expungement of charges dismissed without prejudice; amend KRS 431.078 to require certain records to be expunged if the law specifies a period for enhancement and that period has expired; amend KRS 431.079 to limit requirement of certification to convictions which have not been pardoned.

(Prefiled by the sponsor(s).)

BR58 - Representative Michael Lee Meredith,
Representative Jim DeCesare
(6/28/2016)

AN ACT relating to the Bowling Green Veterans Center, making an appropriation therefor, and declaring an emergency.

Authorize to the Department of Veterans' Affairs federal funds and bond funds in fiscal year 2016-2017 for the construction of the Bowling Green Veterans Center nursing home; establish conditions; provide that if debt service is required it shall be a necessary government expense to be paid from the general fund surplus account or the budget reserve trust fund; APPROPRIATION; EMERGENCY.

(Prefiled by the sponsor(s).)

BR59 - Representative Daniel Elliott
(8/1/2016)

AN ACT relating to prescriptive authority for physician assistants.

Amend KRS 311.856 and 311.858 to permit physician assistants to prescribe and dispense controlled substances.

(Prefiled by the sponsor(s).)

BR62 - Representative Kenny Imes
(9/28/2016)

AN ACT relating to travel required for certain state employees.

Amend KRS 18A.115 to require certain nonmerit employees to travel to Fulton or Hickman County and to Pike, Martin, or Letcher County prior to being appointed and every four years thereafter.

(Prefiled by the sponsor(s).)

BR63 - Representative Kenny Imes
(9/28/2016)

AN ACT proposing an amendment to Section 32 of the Constitution of Kentucky relating to terms of members of the General Assembly.

Propose to amend Section 32 of the Constitution of Kentucky to prevent Senators from serving more than four consecutive terms of office and Representatives from serving more than eight consecutive terms of office, whether complete or partial terms, and prevent a legislator from serving more than sixteen consecutive years in the General Assembly, regardless of the house in which he or she served, beginning in 2018 for newly elected members only; allow legislators to resume service after two years have elapsed since leaving office; provide ballot language; submit to voters for ratification or rejection.

(Prefiled by the sponsor(s).)

BR64 - Representative Kevin Bratcher
(9/21/2016)

Direct the Legislative Research Commission to establish a task force to develop a strategy and funding mechanism to provide care for medically fragile adults with intellectual and developmental disabilities and report findings for referral to the appropriate committees.

(Prefiled by the sponsor(s).)

BR66 - Representative Daniel Elliott
(9/22/2016)

AN ACT relating to retirement benefits

for legislators.

Amend KRS 6.505 to close the Legislators' Retirement Plan to new members effective August 1, 2017; prohibit current legislators from participating in the Legislators' Retirement Plan on or after August 1, 2017; provide that current and future legislators shall only participate in the Kentucky Employees Retirement System for any service to the General Assembly occurring on or after August 1, 2017.

(Prefiled by the sponsor(s).)

BR67 - Representative Darryl Owens
(12/9/2016)

AN ACT relating to juvenile responsibility.

Create a new section of KRS Chapter 610 to establish 11 years of age as the minimum age of criminal responsibility; amend KRS 600.020 to conform.

(Prefiled by the sponsor(s).)

BR68 - Representative Sannie Overly
(7/13/2016)

AN ACT relating to credit freezes for consumers.

Create a new section of KRS 367.363 to 367.365 to define "protected person," "record," "representative," and "sufficient proof of authority"; require a consumer reporting agency to place a security freeze on a protected person's record or report upon proper request by a representative; require the freeze to be placed within 30 days of receiving the request; set forth when the credit reporting agency is required to remove the freeze; allow the credit reporting agency to charge a fee under certain circumstances; establish penalties for violations.

(Prefiled by the sponsor(s).)

BR69 - Senator Mike Wilson
(7/15/2016)

AN ACT relating to the Bowling Green Veterans Center, making an appropriation therefor, and declaring an emergency.

Authorize to the Department of Veterans' Affairs Federal Funds and Bond Funds in fiscal year 2016-2017 for the construction of the Bowling Green Veterans Center nursing home; establish conditions; provide that if debt service is required it shall be a necessary government expense to be paid from the General Fund Surplus Account or the Budget Reserve Trust Fund Account; APPROPRIATION; EMERGENCY.

(Prefiled by the sponsor(s).)

BR71 - Representative Regina Bunch
(7/19/2016)

AN ACT relating to family member visitation rights.

Repeal and reenact KRS 405.021 to grant visitation to family members if it is in the child's best interest based on listed factors.

(Prefiled by the sponsor(s).)

BR73 - Representative Rick Nelson
(7/15/2016)

AN ACT relating to a tax credit for volunteer firefighters.

Create a new section of KRS Chapter 141 to establish a \$1,000 refundable income tax credit for certain volunteer firefighters; declare the purpose of the credit; require annual reporting to the Legislative Research Commission to evaluate the impact of the credit; amend KRS 141.0205 to provide the ordering of the credit and to make technical corrections.

(Prefiled by the sponsor(s).)

BR74 - Representative Rick Nelson
(8/5/2016)

AN ACT relating to promise zone tax incentives.

Amend KRS 139.570 to allow additional compensation for sellers in the promise zone; create a new section of KRS Chapter 141 to allow an income tax credit for qualified employees equal to the individual income tax on wages earned in the promise zone, not to exceed \$2,400; allow an income tax credit for qualified employers in an amount equal to \$100 for each employee working within the promise zone; require reporting by the Department of Revenue to the Legislative Research Commission; amend KRS 141.0205 to order the new tax credits; create a noncodified section to set forth the purpose of the Act and describe actions previously taken by the federal government.

(Prefiled by the sponsor(s).)

BR75 - Representative Kevin Bratcher, Representative Joseph Fischer, Representative John Carney, Representative Jim DuPlessis, Representative Dennis Horlander, Representative Kenny Imes, Representative Stan Lee, Representative Bart Rowland, Representative James Tipton, Representative Russell Webber
(7/6/2016)

AN ACT relating to hate crimes.

Amend KRS 532.031, relating to an offense committed as a result of a hate crime, to include offenses committed against an individual because of the individual's actual or perceived employment as a city, county, state, or federal peace officer, member of an organized fire department, emergency medical services personnel; provide that "emergency medical services personnel" is defined as in KRS 311A.010; enumerate that members of an organized fire department or emergency medical services personnel includes volunteer members if the violation occurs while the volunteer is performing duties with an organized fire department or emergency medical services personnel.

(Prefiled by the sponsor(s).)

BR76 - Senator C.B. Embry Jr.
(12/9/2016)

AN ACT relating to autocycles.

Amend KRS 186.010 to define "autocycle" and specify that it is a type of motorcycle; create a new section of KRS Chapter 189 to outline the provisions for the operation of an autocycle on a highway; require autocycles to be titled and registered as motorcycles; amend KRS 186.480 to prohibit the use of an autocycle for road skills testing purposes; amend KRS 190.010 to allow used car dealers to sell autocycles received in trade; for reporting and statistical purposes, amend KRS 189.635 to require an autocycle to be listed in its own category on accident reports and not as a motorcycle or a motor vehicle.

(Prefiled by the sponsor(s).)

BR80 - Representative Joni Jenkins
(8/2/2016)

AN ACT relating to the Kentucky educational excellence scholarship.

Amend KRS 164.7871 to name the Kentucky educational excellence scholarship the "Arch Gleason Kentucky Educational Excellence Scholarship"; amend KRS 164.7874 to conform.

(Prefiled by the sponsor(s).)

BR81 - Representative Jerry Miller
(8/17/2016)

AN ACT relating to spas.

Amend KRS 241.010 to define the term "spa" within the alcoholic beverage control statutes as a beauty salon employing at least ten cosmetologists, not including contractors or those renting booths or chairs

within the beauty salon; direct that a properly licensed professional perform any spa services requiring an occupational license for that service; prohibit the spa definition from limiting or restricting any practitioner from engaging in services authorized under that person's license; define "beauty salon," "cosmetologist," and "cosmetology" as used in the spa definition; amend KRS 243.086 to allow a spa to obtain a Nonquota Type 3 (NQ3) alcohol drink license; limit alcohol by the drink sales at a spa to only those guests who are receiving at least an hour of one of the primary services offered by the spa; amend KRS 244.085 to add spas to the list of alcohol by the drink establishments that are exempt from the prohibition against minors remaining on the premises.

(Prefiled by the sponsor(s).)

BR84 - Representative Kevin Bratcher
(7/22/2016)

Declare state sovereignty over powers not given to the federal government by the United States Constitution; demand that the federal government cease mandates beyond constitutionally delegated powers; prohibit federal legislation requiring state passage of laws under threat of penalties or sanctions; distribution of copies of the Resolution to designated officials.

(Prefiled by the sponsor(s).)

BR86 - Representative James Kay
(9/15/2016)

AN ACT relating to the independence and transparency of the board of trustees of the Kentucky Retirement Systems and declaring an emergency.

Amend KRS 12.028 to prevent the Governor from effecting any reorganization of the Kentucky Retirement Systems board of trustees; amend KRS 63.080 to prevent the Governor from removing trustees of the Kentucky Retirement Systems, except upon conviction of a felony or for a finding of an ethical violation as provided under KRS 61.645; amend KRS 61.645 to change the composition of the Kentucky Retirement Systems board of trustees to eight elected trustees and five appointed trustees, removing one gubernatorial appointment and the secretary of the Personnel Cabinet from the board; limit the definition of "investment experience"; provide that a vacancy of an elected trustee shall be filled upon a vote of a majority of the remaining elected trustees and that the vacancy shall be filled within 90 days; place the Kentucky Retirement Systems

under the Model Procurement Code; establish that any raises to Kentucky Retirement Systems staff be no higher than KRS Chapter 18A employees; require disclosure of all holdings, fees, and commissions by individual investment managers, require the Kentucky Retirement Systems to report returns net of fees; require disclosure of all contracts or offering documents and contract disclosure of investment contracts to the board, the Auditor of Public Accounts and the Government Contract Review Committee; establish a ban on placement agents; amend KRS 61.650 to impose on the Kentucky Retirement Systems board of trustees, staff, and contract investment advisors the CFA Institute Codes of Conduct; amend KRS 12.020 and 18A.035 to make technical and conforming amendments; provide a delayed effective date for the changes to the board composition, direct the Kentucky Retirement Systems to hold elections and prescribe the initial terms of office for the new elected members; EMERGENCY.

(Prefiled by the sponsor(s).)

BR87 - Representative Tom Burch
(11/23/2016)

AN ACT relating to court-ordered outpatient mental health treatment and making an appropriation therefor.

Amend KRS 202A.081 to require that an attorney be present for a patient agreed order and allow a peer support specialist to be present; require the court to appoint an outpatient provider agency recognized by the Cabinet for Health and Family Services to assemble a multi-disciplinary team to develop a treatment plan, monitor treatment adherence, and report to the court; require that crisis services are available 24/7; provide that failure to abide by the order may result in rehospitalization provided that the criteria are met, procedures are initiated via affidavit by the multi-disciplinary team, and mental health examinations take place at community mental health centers; permit additional orders with due process; require that patient agreed order services are covered by Medicaid; require that courts report such orders to the Kentucky Commission on Services and Supports for Individuals with Mental Illness, Alcohol and Other Drug Abuse Disorders, and Dual Diagnoses; and rename this commitment process a patient agreed order; amend KRS 202A.261 to exempt certain hospitals from being required to provide particular services; amend KRS 202A.271 to require certain hospitals to be paid for services performed under portions of this Act at the same rates the hospital negotiates for other services; create

new sections of KRS Chapter 202A to create a process for District Courts to order assisted outpatient mental health treatment; provide for transportation processes for the purposes of a mental health examination; establish eligibility and court proceedings; require a mental health examination and the development of a treatment plan; establish the process for hearings; require the court to appoint an outpatient provider agency to monitor and report on the person under order; authorize 72-hour emergency admission for failure to comply with orders; provide for the right to stay, vacate, or modify orders; provide for a process to change a treatment plan; permit an additional period of treatment to be ordered provided certain criteria are met; require that assisted outpatient treatment services are covered by Medicaid; make the implementation of all newly created sections of KRS Chapter 202A contingent on funding; name these new sections of the bill "Tim's Law"; APPROPRIATION.

(Prefiled by the sponsor(s).)

BR89 - Representative Myron Dossett
(10/13/2016)

AN ACT relating to railroad companies and making an appropriation therefor.

Amend KRS 277.990 to increase the fine for a violation of KRS 277.200, relating to a railroad company obstructing a highway, street, or navigable stream to \$5,000 for each offense; transfer 50 percent of each fine collected to the law enforcement agency that issued the citation.

(Prefiled by the sponsor(s).)

BR92 - Representative Myron Dossett
(11/17/2016)

AN ACT relating to exemptions from workers' compensation coverage.

Amend KRS 342.650, concerning exemptions from workers' compensation, to include lawn services as well as maintenance, repair, remodeling, or similar work for not more than 20 days on a private home or on the premises of a business that employs no other workers subject to workers' compensation laws.

(Prefiled by the sponsor(s).)

BR94 - Representative John Short
(7/27/2016)

AN ACT relating to the property tax on unmined coal.

Amend KRS 132.820 to establish a standard value for unmined coal

reserves that have not been mined during the 10-year period immediately preceding the assessment date, for purposes of state and local property taxes on unmined coal assessed on or after January 1, 2018, setting the standard value thereof at zero unless information is available that warrants any deviation; require the Department of Revenue to prepare an informational document explaining the basis of this tax, the valuation procedures used, and the procedure for taxpayers to follow to appeal assessments; amend KRS 131.190 and 134.546 to conform; make technical corrections.

(Prefiled by the sponsor(s).)

BR95 - Representative John Short
(8/17/2016)

AN ACT relating to a tax credit for volunteer firefighters.

Create a new section of KRS Chapter 141 to establish a refundable income tax credit for certain volunteer firefighters; declare the purpose of the credit; require annual reporting to the Legislative Research Commission to evaluate the impact of the credit; amend KRS 141.0205 to provide the ordering of the credit and to make technical corrections.

(Prefiled by the sponsor(s).)

BR97 - Senator Reginald Thomas
(8/3/2016)

AN ACT relating to general principles of justification.

Create a new section of KRS Chapter 503 to incorporate the "no duty to retreat" provisions elsewhere in the chapter; amend KRS 503.050, 503.055, 503.070, and 503.080 to require a reasonable belief that defensive force is necessary before it is justified; change the term "great bodily harm" to "serious physical injury" as used throughout the Penal Code; amend KRS 503.060 to require an initial aggressor to retreat before the use of force can be justified; repeal KRS 503.120.

(Prefiled by the sponsor(s).)

BR98 - Representative Rick Nelson
(12/9/2016)

AN ACT relating to home inspections.

Create a new section of KRS Chapter 367 to require home inspections before purchasing.

(Prefiled by the sponsor(s).)

BR103 - Senator Reginald Thomas
(8/3/2016)

AN ACT relating to oaths.

Amend KRS 6.072 to require witnesses appearing before a committee, subcommittee, or task force of the General Assembly to take an oath prior to giving testimony.

(Prefiled by the sponsor(s).)

BR110 - Representative Chuck Tackett (9/8/2016)

AN ACT proposing an amendment to Section 170 of the Constitution of Kentucky relating to exemptions from taxation.

Propose an amendment to Section 170 of the Constitution of Kentucky to exempt from taxation property of certain veterans' organizations if the entity has qualified for exemption from federal income tax; submit to voters.

(Prefiled by the sponsor(s).)

BR111 - Senator John Schickel (8/30/2016)

AN ACT relating to operator's license testing.

Amend KRS 186.480 to require the Department of Kentucky State Police to make a driver's manual available in printed or electronic format that contains the information needed for an operator's license examination; require that the manual have a section regarding an applicant's conduct during interactions with law enforcement officers; require that the operator's license examination include the applicant's knowledge regarding conduct during interactions with law enforcement officers.

(Prefiled by the sponsor(s).)

BR112 - Representative Kenny Imes (9/28/2016)

AN ACT relating to administrative regulations.

Amend KRS 13A.010 to amend the definition of "administrative regulation" and to define "last effective date"; amend KRS 13A.040 to require the regulations compiler to maintain a list of all administrative regulation numbers and their corresponding last effective dates; amend KRS 13A.220 and 13A.222 to make conforming changes to enable the renewal of an administrative regulation; amend KRS 13A.310 to provide that, beginning July 1, 2017, an ordinary administrative regulation shall expire 7 years after its last effective date; provide that an administrative regulation that has a last effective date prior to July 1, 2012, shall expire on July 1, 2019;

establish duties of regulations compiler; and establish requirements for an administrative body that does not want an administrative regulation to expire.

(Prefiled by the sponsor(s).)

BR113 - Representative Stan Lee (10/18/2016)

AN ACT relating to interscholastic extracurricular activities.

Create a new section of KRS Chapter 158 to authorize participation in a public school interscholastic extracurricular activity by a home school; establish criteria for participation therein.

(Prefiled by the sponsor(s).)

BR114 - Representative Chris Harris (10/13/2016)

AN ACT relating to unclaimed life insurance policies.

Amend 304.15-420 to clarify the retroactive application of the Unclaimed Life Insurance Benefits Act.

(Prefiled by the sponsor(s).)

BR115 - Representative Rick Nelson (7/26/2016)

AN ACT relating to expungement.

Amend KRS 431.073 to reduce filing fee for felony expungement from \$500 to \$200.

(Prefiled by the sponsor(s).)

BR118 - Representative George Brown Jr. (11/17/2016)

AN ACT relating to criminal histories of job applicants.

Create a new section of KRS Chapter 344 to prohibit employers from considering or requiring disclosure of prior criminal history as part of the initial job application; title the Act: "Ban the Box - The Criminal Record Employment Discrimination Act."

(Prefiled by the sponsor(s).)

BR120 - Representative Jerry Miller (12/6/2016)

AN ACT relating to the overtaking of bicycles on a roadway.

Amend KRS 189.300 to provide that the operator of any vehicle moving upon a highway is to keep to the right unless signage or markings indicate otherwise; amend KRS 189.340 to require vehicles overtaking

bicycles to pass at a distance of at least three feet; specify when a motor vehicle may pass a bicycle to the left of the center of a roadway.

(Prefiled by the sponsor(s).)

BR123 - Representative Jeffery Donohue (8/22/2016)

AN ACT relating to railroads.

Create a new section of KRS Chapter 277 to require two-person crews on trains or light engines used in connection with the movement of freight; establish civil penalties for failure to have a two-person crew.

(Prefiled by the sponsor(s).)

BR124 - Representative Jeffery Donohue (8/22/2016)

AN ACT relating to public procurement.

Create new sections of KRS Chapter 45A to set forth findings of the General Assembly and establish policy of the Commonwealth of Kentucky to promote the Kentucky and United States economies by requiring a preference for iron, steel, and manufactured goods produced in Kentucky and the United States; define "manufactured in Kentucky," "manufactured in the United States," "Kentucky," and "United States"; require preference for iron, steel, and manufactured goods made in Kentucky in construction and maintenance contracts and subcontracts; provide for a waiver of the Kentucky preference requirement; require preference for iron, steel, and manufactured goods made in the United States if the Kentucky waiver is granted; provide for a waiver of the United States preference requirement; establish a short title of "Kentucky Buy American Act"; amend KRS 45A.343, 45A.352, 65.027, 162.070, 164A.575, 176.080, and 424.260 to require compliance with the Kentucky Buy American Act.

(Prefiled by the sponsor(s).)

BR125 - Representative Jeffery Donohue (8/8/2016)

AN ACT relating to day reporting programs.

Create a new section of KRS Chapter 533 to authorize the use of day reporting programs in criminal sentencing.

(Prefiled by the sponsor(s).)

BR127 - Senator Reginald Thomas (10/19/2016)

AN ACT relating to arrest-related

deaths.

Amend KRS 72.025 to add deaths which occur during arrest to cases which are investigated by the coroner; create a new section of KRS Chapter 72 to require coroners to notify the Medical Examiner's Office of arrest-related deaths and require an annual public report; amend KRS 72.020 to conform.
(Prefiled by the sponsor(s).)

BR128 - Representative Dean Schamore
(12/8/2016)

AN ACT relating to motor vehicle insurance.

Amend KRS 186A.040, regarding maintenance of motor vehicle insurance, to change from three to one the number of times a person may have his or her vehicle registration revoked for not maintaining insurance, before the revocation constitutes a violation of KRS 304.39-080; provide that notice of a violation be sent to the sheriff; amend KRS 186.180 to set the reinstatement fee for a revoked registration at \$20.
(Prefiled by the sponsor(s).)

BR132 - Senator Reginald Thomas
(8/26/2016)

AN ACT relating to superintendent screening committee membership.

Amend KRS 160.352 to require the appointment of a school equity council member to the superintendent screening committee, if an equity council exists; allow a board to add a high school student to the superintendent screening committee.
(Prefiled by the sponsor(s).)

BR133 - Senator Reginald Thomas
(11/3/2016)

Recognize the importance of diversifying energy sources for generating electricity in Kentucky; encourage the development of a statewide energy strategy.
(Prefiled by the sponsor(s).)

BR134 - Senator Dennis Parrett
(9/15/2016)

AN ACT relating to kinship care.
Amend KRS 605.120 to permanently establish a kinship care program.
(Prefiled by the sponsor(s).)

BR135 - Representative Dennis Keene
(9/23/2016)

AN ACT relating to child abuse and

neglect.

Create a new section of KRS Chapter 199 to establish the central registry for child abuse and neglect; establish definitions; establish requirements for operation of the registry; provide that the Act be known as Sophie's law.

(Prefiled by the sponsor(s).)

BR136 - Senator Gerald Neal
(12/9/2016)

AN ACT relating to expungement.

Amend KRS 431.073 to make additional offenses eligible for expungement; reduce filing fee for felony expungement from \$500 to \$200; amend KRS 431.076 to allow expungement of charges dismissed without prejudice; amend KRS 431.078 to require certain records to be expunged if the law specifies a period for enhancement and that period has expired; amend KRS 431.079 to limit requirement of certification to convictions which have not been pardoned.

(Prefiled by the sponsor(s).)

BR137 - Senator Gerald Neal
(12/9/2016)

AN ACT relating to the death penalty.

Suspend death penalty executions until December 3, 2018, or until the Task Force on the Death Penalty submits a final report; direct the the Legislative Research Commission to establish the Task Force on the Death Penalty to study and develop recommendations regarding the Commonwealth's use of the death penalty for capital offenses to be submitted no later than December 3, 2018.

(Prefiled by the sponsor(s).)

BR138 - Senator Reginald Thomas
(9/20/2016)

AN ACT relating to wages.

Amend KRS 337.010 to increase the applicable threshold of employees of retail stores and service industries from \$95,000 to \$500,000 average annual gross volume of sales for the employer; amend KRS 337.275 to raise the state minimum wage to \$8.20 per hour on July 1, 2018, \$9.15 per hour on July 1, 2019, and \$10.10 per hour on July 1, 2020, and to raise the state minimum wage for tipped employees to \$3.05 per hour on the effective date of the Act, \$3.95 per hour on July 1, 2019, and \$4.90 per hour on July 1, 2020; include anti-preemption language permitting local governments to establish minimum wage ordinances in excess of the state minimum

wage.

(Prefiled by the sponsor(s).)

BR141 - Representative Fitz Steele
(8/18/2016)

AN ACT relating to the property tax on unmined coal.

Amend KRS 132.820 to exempt unmined coal reserves from state and local property taxation if on January 1 of any tax year the owner or lessee of the reserve does not hold a valid permit from both the state and federal governments to mine coal from the reserve, and does not anticipate that coal will be mined from the reserve at any point during the tax year; amend KRS 131.190 to conform; make technical corrections; apply to property assessed on and after January 1, 2018.

(Prefiled by the sponsor(s).)

BR142 - Representative Fitz Steele
(8/18/2016)

AN ACT relating to coal severance revenues.

Amend various sections in KRS Chapter 42 to distribute 100 percent of coal severance revenues among the coal-producing counties on the basis of the tax collected on coal severed or processed in each respective county; amend KRS 143.090, 164.7890, and 164.7891 to make conforming changes; repeal KRS 42.490, relating to transfer of county fund balances.

(Prefiled by the sponsor(s).)

BR143 - Representative Fitz Steele
(8/18/2016)

AN ACT relating to sales and use tax holidays and declaring an emergency.

Create a new section of KRS Chapter 139 to establish a three-day sales and use tax holiday during the first weekend in August in 2017, 2018, 2019, and 2020 to exempt clothing, school supplies, school art supplies, computers, and school computer supplies; EMERGENCY.

(Prefiled by the sponsor(s).)

BR144 - Senator John Schickel
(12/7/2016)

AN ACT relating to chief executive officers of colleges within the Kentucky Community and Technical College System.

Amend KRS 164.350 to require the board of regents for the Kentucky Community and Technical College System to develop an evaluation process to be used by the

local board of directors to evaluate a college's chief executive officer; amend KRS 164.600 to require the local board of directors of a community or technical college to select and evaluate the college's chief executive officer.

(Prefiled by the sponsor(s).)

BR145 - Senator John Schickel
(8/30/2016)

AN ACT relating to a board of directors of a college within the Kentucky Community and Technical College System.

Amend KRS 164.350 to require the board of directors of a community and technical college to approve biennial budget requests and to accept or reject donations of land or funds to the college; amend KRS 164.600 to change the terms of office for members of boards of directors; hold members of boards of directors harmless for proper actions and require that they be provided legal counsel upon request; require an outside agency or foundation associated with a college to notify the local board of directors of upcoming meetings, to conduct open meetings, to publicly disclose all financial documents, including donations and moneys raised and expended, and to prohibit the agency's or foundation's citizen members from having a conflict of interest or being a relative of a college employee.

(Prefiled by the sponsor(s).)

BR147 - Representative Kim King
(9/14/2016)

AN ACT relating to sex offender registrants.

Amend KRS 17.545 to prohibit sex offender registrants from being on the grounds of a publicly owned playground without advance written permission.

(Prefiled by the sponsor(s).)

BR148 - Representative Kim King
(9/14/2016)

AN ACT relating to legislative procedures for state fiscal measures.

Create a new section of KRS Chapter 6 to require roll call votes on any state fiscal measure, including an appropriation or revenue-raising measure, voted upon in the Senate or House or a committee thereof; require identification of any state fiscal measure by the director of the Legislative Research Commission, or upon a determination by the Senate or House or a committee of either; require separate vote for any state fiscal measure.

(Prefiled by the sponsor(s).)

BR149 - Representative Kim King
(9/14/2016)

AN ACT relating to foreign law.

Create a new section of KRS Chapter 454 to establish legislative intent that the rights of an individual afforded under the Constitutions of the Commonwealth and the United States take precedence over the application of any foreign law in any judicial or quasi-judicial proceeding; define specific terms; strictly construe waivers of constitutional rights; provide exceptions for corporate entities; prohibit choice of venue outside of the Commonwealth or United States to preserve the constitutional rights of the person against whom enforcement is sought.

(Prefiled by the sponsor(s).)

BR150 - Representative Kim King
(8/30/2016)

AN ACT relating to school notification of persons authorized to contact or remove a child.

Create a new section of KRS Chapter 620 to require the Cabinet for Health and Family Services, if the cabinet is granted custody of a dependent, neglected, or abused child, to notify the school in which the child is enrolled of persons authorized to contact the child or remove the child from school grounds.

(Prefiled by the sponsor(s).)

BR151 - Representative Kim King
(8/30/2016)

AN ACT proposing an amendment to Section 42 of the Constitution of Kentucky relating to compensation for members of the General Assembly.

Propose to amend Section 42 of the Constitution of Kentucky to prohibit members of the General Assembly from receiving legislative pay for a special session that has been called by the Governor because the General Assembly adjourned without passing a state budget; submit to the voters with ballot question.

(Prefiled by the sponsor(s).)

BR152 - Representative Kim King
(8/12/2016)

AN ACT relating to pawnbrokers.

Amend KRS 226.040 to require pawnbrokers to record daily transaction information and also provide the information on an online service accessible by law enforcement agencies.

(Prefiled by the sponsor(s).)

BR155 - Representative Joseph Fischer
(12/7/2016)

AN ACT relating to pesticide application notice requirements.

Create a new section of KRS Chapter 217 to define terms; require state or local government entities that engage in or direct the application of pesticides in residential areas to give notice to local officials and to the public no later than 48 hours prior to the application; require additional public notice every 7 days that the application continues; require state or local government entities to coordinate so that only one provides the required notices.

(Prefiled by the sponsor(s).)

BR156 - Senator John Schickel
(10/11/2016)

AN ACT relating to a sales and use tax exemption for currency and bullion.

Amend KRS 139.480 to exempt from sales and use tax sales or purchases of bullion or currency made on or after July 1, 2017, but before July 1, 2021.

(Prefiled by the sponsor(s).)

BR157 - Representative Jody Richards
(8/26/2016)

AN ACT relating to the Bowling Green Veterans Center, making an appropriation therefor, and declaring an emergency.

Authorize to the Department of Veterans' Affairs Federal Funds and Bond Funds in fiscal year 2016-2017 for the construction of the Bowling Green Veterans Center nursing home; establish conditions; provide that if debt service is required it shall be a necessary government expense to be paid from the General Fund Surplus Account or the Budget Reserve Trust Fund Account; APPROPRIATION; EMERGENCY.

(Prefiled by the sponsor(s).)

BR158 - Representative Mary Lou Marzian
(12/9/2016)

AN ACT relating to the Kentucky Board of Home Inspectors.

Amend KRS 198B.706 to remove the standards of practice of the National Association of Home Inspectors from the list of standards of practice approved by the Kentucky Board of Home Inspectors; add the standards of practice of the International Association of Certified Home Inspectors to the board's list.

(Prefiled by the sponsor(s).)

BR166 - Representative Tim Couch
(9/20/2016)

Urge the United States Environmental Protection Agency to prioritize compliance assistance over current enforcement practices.

(Prefiled by the sponsor(s).)

BR172 - Senator Reginald Thomas
(10/28/2016)

AN ACT relating to the regulation of firearms and ammunition by local governments.

Create a new section of KRS Chapter 65 to allow urban-county governments and consolidated local governments to regulate firearms and ammunition to reduce gun violence, except when state or federal law preempts local governance; amend KRS 65.870 to conform.

(Prefiled by the sponsor(s).)

BR176 - Senator Danny Carroll
(9/19/2016)

AN ACT relating to nuclear power.

Amend KRS 278.600 to require that nuclear power facilities have a plan for the storage of nuclear waste rather than a means of permanent disposal and to add definitions of "storage," "low-level nuclear waste," and "mixed nuclear waste"; amend KRS 278.610 to allow certification if the facility and its plans for waste storage are approved by the Nuclear Regulatory Commission; eliminate the requirement that the facility have a plan for disposal of high-level nuclear waste; eliminate the requirement that cost of waste disposal be known; eliminate the requirement that the facility have adequate capacity to contain waste; give the Public Service Commission authority to hire a consultant to perform duties relating to nuclear facility certification; prohibit construction of low-level nuclear waste disposal sites in Kentucky except as provided in KRS 211.852; direct the Energy and Environment Cabinet to review regulations required for permitting nuclear facilities and report to LRC; repeal KRS 278.605, relating to construction of nuclear power facilities.

(Prefiled by the sponsor(s).)

BR177 - Senator Danny Carroll
(10/6/2016)

AN ACT relating to jailers and declaring an emergency.

Amend KRS 441.245 to

require fiscal courts to detail the duties and compensation of the jailer for the upcoming year; require a quarterly report by the jailer of the duties performed; EMERGENCY.

(Prefiled by the sponsor(s).)

BR178 - Senator Danny Carroll
(10/6/2016)

AN ACT relating to licensing fees for the sale of alcoholic beverages.

Amend KRS 243.075 to allow cities with a population of less than 20,000, and counties that do not have a city with a population greater than 20,000, to impose a regulatory license fee on the sale of alcoholic beverages; grandfather in cities and counties imposing a regulatory license fee prior to the effective date of the Act.

(Prefiled by the sponsor(s).)

BR179 - Senator Danny Carroll
(9/19/2016)

AN ACT relating to the law enforcement and firefighters foundation programs and making an appropriation therefor.

Amend various sections of KRS Chapter 15 and KRS 95A.250, relating to the Kentucky Law Enforcement Foundation Program fund and the Firefighters Foundation Program fund, to increase the annual supplement payment to local governments for qualifying law enforcement officers and firefighters from \$3,000 to \$4,000 beginning July 1, 2018; provide a reimbursement to local governments to reimburse for required contributions to the employee pension system resulting from the supplement increase; provide partial compensation for local government administrative expenses; amend KRS 95A.262 to increase the annual allocation to volunteer fire departments from the Commission on Fire Protection Personnel Standards and Education from \$8,250 to \$11,000 beginning July 1, 2018; APPROPRIATION.

(Prefiled by the sponsor(s).)

BR180 - Senator Danny Carroll
(9/19/2016)

AN ACT relating to the tracking of drug convictions.

Amend KRS 218A.202 to require the Administrative Office of the Courts to forward drug conviction data to the Cabinet for Health and Family Services for inclusion in the KASPER electronic monitoring system.

(Prefiled by the sponsor(s).)

BR183 - Representative Tim Couch
(9/13/2016)

AN ACT relating to greater public awareness of taxes levied by school districts. Amend KRS 157.440, 157.621, 160.470, 160.473, and 160.476 to expand the existing public hearing requirements for property taxes levied by school district boards of education to apply to all property tax rates rather than only rates exceeding the calculated compensating tax rate; require notice of the public hearings to be posted on the school district Web site in addition to the required newspaper advertisement.

(Prefiled by the sponsor(s).)

BR184 - Representative Tim Couch
(9/13/2016)

AN ACT relating to the property tax on unmined coal.

Amend KRS 132.820 to exempt unmined coal reserves from state and local property taxation if on January 1 of any tax year the owner or lessee of the reserve does not hold a valid permit from both the state and federal governments to mine coal from the reserve, and does not anticipate that coal will be mined from the reserve at any point during the tax year; amend KRS 131.190 to conform; make technical corrections; apply to property assessed on and after January 1, 2018.

(Prefiled by the sponsor(s).)

BR185 - Representative Jill York
(9/19/2016)

AN ACT relating to the use of local government economic assistance fund moneys.

Amend KRS 42.472 to partially restrict the use of local government economic assistance fund (LGEAF) moneys distributed to counties from oil and natural gas to the repair and maintenance of streets and roads; EFFECTIVE July 1, 2017.

(Prefiled by the sponsor(s).)

BR186 - Senator Gerald Neal
(9/9/2016)

AN ACT relating to firearms.

Create a new section of KRS Chapter 527 to prohibit the unlawful storage of a firearm.

(Prefiled by the sponsor(s).)

BR189 - Representative Daniel Elliott
(12/8/2016)

AN ACT relating to the National Crime

Information Center.

Create a new section of KRS Chapter 26A to allow state court judges who adhere to the requirements of the Criminal Justice Information Services to access the National Crime Information Center (NCIC).
(Prefiled by the sponsor(s).)

BR190 - Representative Brent Yonts
Nov 28-WITHDRAWN

BR191 - Representative James Kay
(9/15/2016)

AN ACT relating to retirement benefits for legislators.

Amend KRS 6.505 to close the Legislators' Retirement Plan to new members effective August 1, 2017; prohibit current legislators from participating in the Legislators' Retirement Plan on or after August 1, 2017; provide that current and future legislators shall only participate in the Kentucky Employees Retirement System for any service to the General Assembly occurring on or after August 1, 2017.

(Prefiled by the sponsor(s).)

BR195 - Senator Gerald Neal
(9/23/2016)

AN ACT relating to juries.

Amend KRS 29A.040 to add holders of personal identification cards issued within a county to the master list of potential jurors for that county.

(Prefiled by the sponsor(s).)

BR196 - Senator Gerald Neal
(9/23/2016)

AN ACT relating to juror pay.

Amend KRS 29A.170 to increase juror pay and expense allowance; amend KRS 32.011 to conform; repeal KRS 32.070, relating to expense allowances for jurors.

(Prefiled by the sponsor(s).)

BR197 - Representative Daniel Elliott
(11/30/2016)

AN ACT relating to elder abuse prevention in brokerage-financial accounts.

Create a new section of KRS Chapter 292 to grant civil and administrative immunity to broker-dealers or investment advisers who, with reasonable belief and in good faith, report suspected financial exploitation of eligible adults to the Cabinet for Health and Family Services and the

commissioner of the Department of Financial Institutions.

(Prefiled by the sponsor(s).)

BR199 - Senator C.B. Embry Jr.
(10/4/2016)

AN ACT relating to timber theft.

Amend KRS 364.130 to specify that a person, regardless of state of mind or whether the person believes to be authorized or not, is liable for three times the stumpage value of the timber and three times the cost of any damages to property when he or she takes the timber of another without legal right or color of title.

(Prefiled by the sponsor(s).)

BR200 - Representative John Short
(10/18/2016)

AN ACT relating to the Eastern Kentucky Veterans Center, making an appropriation therefor, and declaring an emergency.

Authorize to the Department of Veterans' Affairs Federal Funds and Bond Funds in fiscal year 2016-2017 for the construction of the Eastern Kentucky Veterans Center nursing home in Magoffin County; establish conditions; provide that if debt service is required it shall be a necessary government expense to be paid from the General Fund Surplus Account or the Budget Reserve Trust Fund Account; APPROPRIATION; EMERGENCY.

(Prefiled by the sponsor(s).)

BR201 - Representative Russ Meyer,
Representative Dennis Keene
(10/6/2016)

AN ACT relating to controlled substances.

Amend 218A.010 to provide definitions for "fentanyl" and "fentanyl derivative"; amend KRS 218A.020 to allow the Office of Drug Control Policy to request that the Cabinet for Health and Family Services schedule fentanyl analogues not approved for human use by the United States Food and Drug Administration; amend KRS 218A.050 to include fentanyl analogues not approved for human use by the Food and Drug Administration as a Schedule I controlled substance; amend KRS 218A.142 to create the offense of aggravated fentanyl trafficking; amend KRS 218A.1412 to increase the penalties for trafficking in fentanyl.

(Prefiled by the sponsor(s).)

BR202 - Representative Jeff Taylor
(11/17/2016)

AN ACT relating to prescription drugs.

Create a new section of KRS 218A.005 to 218A.391 to establish that a practitioner shall not issue a prescription for a narcotic drug for more than seven days unless specific circumstances exist.

(Prefiled by the sponsor(s).)

BR204 - Representative Dennis Keene
(11/4/2016)

AN ACT relating to notification of the expiration date of an instruction permit, operator's license, or personal identification card.

Create a new section of KRS 186.400 to 186.640 to require the Transportation Cabinet to notify holders of operator's licenses, instruction permits, and personal ID cards of the impending expiration of these documents 45 days prior to their expiration; allow notice by electronic or postal mail; allow license and ID card holders to provide electronic mail addresses for notification or opt out of notification; clarify that nonreceipt of a notice shall not constitute a defense to any offense regarding an expired permit or license.

(Prefiled by the sponsor(s).)

BR206 - Senator Gerald Neal
(12/9/2016)

AN ACT relating to civil rights.

Amend KRS 344.040 to make it unlawful to require a job applicant to disclose his or her criminal history prior to making an offer of employment to the applicant.

(Prefiled by the sponsor(s).)

BR209 - Senator Gerald Neal
(9/23/2016)

AN ACT relating to juries.

Amend KRS 15.733 to allow the disqualification of a prosecuting attorney from the retrial of a case due to discriminatory jury selection practices; create a new section of KRS Chapter 27A to require the Administrative Office of the Courts to collect and report data on the race, ethnicity, and sex of members of juries.

(Prefiled by the sponsor(s).)

BR210 - Representative Joseph Fischer
(9/23/2016)

AN ACT relating to controlled

substances.

Amend KRS 218A.1412 to make trafficking in any amount of fentanyl or carfentanil subject to elevated penalties.

(Prefiled by the sponsor(s).)

BR214 - Representative Jim Stewart III
(12/6/2016)

AN ACT relating to speed titles.

Amend KRS 186A.170 to increase the issuance time of a speed title from within 24 hours to within 48 hours.

(Prefiled by the sponsor(s).)

BR215 - Senator John Schickel
(10/14/2016)

AN ACT relating to crimes and punishments.

Amend KRS 431.005 to permit a peace officer to make an arrest for a violation of KRS 508.030, assault in the 4th degree, when the violation occurs in a hospital and the officer has probable cause; amend KRS 431.015 to conform.

(Prefiled by the sponsor(s).)

BR222 - Representative Myron Dossett
(10/13/2016)

AN ACT relating to railroad companies and making an appropriation therefor.

Amend KRS 277.990 to increase the fine for a violation of KRS 277.200, relating to a railroad company obstructing a highway, street, or navigable stream, to \$2,500 for each offense; transfer 50% of each fine collected to the law enforcement agency that issued the citation.

(Prefiled by the sponsor(s).)

BR224 - Representative Adam Koenig
(12/6/2016)

AN ACT relating to inspections by sheriffs.

Repeal KRS 70.160, which requires monthly visits and inspections by the sheriff or deputies of certain public places, including but not limited to dance halls and roadhouses, along with written reporting to the county attorney and Circuit Court; amend KRS 70.170, 241.140, and 241.170 to conform.

(Prefiled by the sponsor(s).)

BR225 - Representative Jill York
(9/19/2016)

AN ACT relating to promise zone tax incentives.

Amend KRS 139.570 to allow additional compensation for sellers in the promise zone; create a new section of KRS Chapter 141 to allow an income tax credit for qualified employees equal to the individual income tax on wages earned in the promise zone, not to exceed \$2,400; allow an income tax credit for qualified employers in an amount equal to \$100 for each employee working within the promise zone; require reporting by the Department of Revenue to the Legislative Research Commission; amend KRS 141.0205 to order the new tax credits; create a noncodified section to set forth the purpose of the Act and describe actions previously taken by the federal government.

(Prefiled by the sponsor(s).)

BR238 - Representative Myron Dossett
(10/6/2016)

AN ACT relating to a reduction of motor vehicle property tax rates for certain disabled veterans.

Create a new section of KRS Chapter 132 to reduce the property tax rate levied on and after January 1, 2018, by the state and by local taxing jurisdictions on motor vehicles owned by totally disabled veterans, whose disability is service-connected, to 50 percent of the tax rate levied on other motor vehicles by the relevant taxing jurisdiction, except in the case of historic motor vehicles.

(Prefiled by the sponsor(s).)

BR242 - Senator Joe Bowen
(10/18/2016)

AN ACT relating to retirement and declaring an emergency.

Amend KRS 21.540 to require the Judicial Form Retirement System, which administers the Legislators' Retirement Plan and the Judicial Retirement Plan, to post descriptive and financial information to the system's Web site; amend KRS 61.645 to specify that investment fee and commission reporting requirements for the Kentucky Retirement Systems shall include profit sharing, carried interest, and partnership incentives; provide that the systems may not have to disclose contracts on a Web site if disclosure would result in competitive disadvantage but require those contracts to be released to the trustees, State Auditor, and the LRC Govt. Contract Review Committee; subject the systems to KRS Chapter 18A regarding personnel; subject hiring of executive director to Senate confirmation; make technical amendments; amend KRS 161.250 to specify that investment fee and commission reporting

requirements for the Kentucky Teachers' Retirement System must include profit sharing, carried interest, and partnership incentives; provide that the Teachers' Retirement System may not have to disclose contracts on a Web site if disclosure would result in competitive disadvantage, but require those contracts to be released to the trustees, State Auditor, and the LRC Govt. Contract Review Committee; amend KRS 161.340 to make hiring of executive secretary subject to Senate confirmation; amend various KRS sections to place all state retirement systems under Model Procurement Code regarding contracts and clarify ban on placement agents; amend KRS 7A.220 to increase the membership of the Public Pension Oversight Board; EMERGENCY.

(Prefiled by the sponsor(s).)

BR243 - Senator Gerald Neal
(10/4/2016)

AN ACT relating to expungement.

Amend KRS 431.073 to reduce filing fee for felony expungement from \$500 to \$200; allow the court to waive all or any portion of the fee if an applicant is indigent or financially unable to pay; amend KRS 431.078 to allow the court to waive all or any portion of the filing fee for misdemeanor, violation, or traffic infraction expungement if an applicant is indigent or financially unable to pay.

(Prefiled by the sponsor(s).)

BR246 - Representative Kenny Imes
(10/13/2016)

AN ACT relating to the disclosure of public retirement information.

Amend KRS 61.661, 161.585, and 21.540 to require the disclosure, upon request, of the retirement benefit information of current and former members of the General Assembly, including their name, status, and projected or actual retirement benefit payments and benefits from Kentucky Retirement Systems, Kentucky Teachers' Retirement System, Legislators' Retirement Plan, and the Judicial Retirement Plan.

(Prefiled by the sponsor(s).)

BR247 - Representative Kenny Imes
(10/13/2016)

Urge the United States Congress to amend Title II of the Social Security Act to repeal the Government Pension Offset Provision.

(Prefiled by the sponsor(s).)

BR248 - Representative Kenny Imes
(10/13/2016)

AN ACT relating to the Kentucky Teachers' Retirement System board of trustees.

Amend KRS 161.250 to increase the Kentucky Teachers' Retirement System board membership from nine members to 11 by adding two elected trustees who are retired members; amend KRS 161.300 to conform; provide that the election of the two new retired members shall occur so that the initial term of office will begin July 1, 2017.
(Prefiled by the sponsor(s).)

BR250 - Representative Steve Riggs
(12/5/2016)

Urge the Kentucky Department for Local Government, the Kentucky County/Judge Executive Association; the Kentucky Association of Counties, and the Kentucky League of Cities to conduct annual dedicated training on the benefits and best practices of interlocal agreements.

(Prefiled by the sponsor(s).)

BR253 - Representative Wilson Stone
(12/8/2016)

Direct the Transportation Cabinet to designate a bridge in Allen County in memory of Titus Elijah Morris and erect the appropriate signage.

(Prefiled by the sponsor(s).)

BR254 - Representative Dean Schamore
(10/26/2016)

AN ACT relating to Kentucky educational excellence scholarships and declaring an emergency.

Create a new section of KRS 164.7871 to 164.7885 to provide KEES scholarships to students enrolled in a registered apprenticeship program; define student eligibility; direct the Kentucky Higher Education Assistance Authority to promulgate regulations for awarding the scholarships; EMERGENCY.

(Prefiled by the sponsor(s).)

BR255 - Senator Julian Carroll
(12/8/2016)

AN ACT relating to state employee legal representation before the Personnel Board and Franklin Circuit Court.

Create a new section of KRS Chapter 7 to require the Legislative Research Commission to employ a nonpartisan attorney

whose sole responsibility is to provide legal representation to executive branch employees for pretermination hearings and personnel actions appealed to the Personnel Board or Franklin Circuit Court should the attorney determine the appeal has merit; amend KRS 18A.095 to allow employees to use the services of this attorney; specify the parties to pay and receive fees and costs.

(Prefiled by the sponsor(s).)

BR256 - Representative Gerald Watkins
(12/1/2016)

AN ACT relating to the disclosure of private cellular phone numbers.

Create a new section of KRS Chapter 367 to prohibit the marketing, sharing, or selling of wireless phone numbers of subscribers without express written consent of the subscriber; amend KRS 367.990 to create a penalty between \$1,000 and \$10,000 for each violation.

(Prefiled by the sponsor(s).)

BR257 - Representative Addia Wuchner, Representative Kevin Bratcher, Representative Jim DuPlessis, Representative Marie Rader
(10/28/2016)

AN ACT relating to fishing license exemptions.

Amend KRS 150.170 to remove the sport fishing license exemption for resident farmland owners and create a new sport fishing license exemption for private landowners and their spouses, dependents, tenants, and invited guests when fishing on their property from ponds or lakes that do not allow fish entry from or exit to public waters.

(Prefiled by the sponsor(s).)

BR258 - Senator Gerald Neal
(12/9/2016)

AN ACT proposing an amendment to Section 145 of the Constitution of Kentucky relating to persons entitled to vote.

Propose to amend Section 145 of the Constitution of Kentucky to allow persons convicted of a felony, other than felonies designated by the General Assembly, the right to vote; submit to the voters for ratification or rejection.

(Prefiled by the sponsor(s).)

BR260 - Senator Christian McDaniel
(11/16/2016)

AN ACT relating to the disclosure of public retirement information.

Amend KRS 61.661, 161.585, and 21.540 to require the disclosure, upon request, of the retirement benefit information of current and former members of the General Assembly, including the member's name, status, and projected or actual retirement benefit payments and benefits from the Kentucky Retirement Systems, the Kentucky Teachers' Retirement System, the Legislators' Retirement Plan, and the Judicial Retirement Plan.

(Prefiled by the sponsor(s).)

BR261 - Senator Christian McDaniel
(11/21/2016)

AN ACT proposing to amend Section 95 of the Constitution of Kentucky relating to the election of state officers.

Propose to amend Section 95 of the Constitution of Kentucky to hold the election of the Governor, Lieutenant Governor, Treasurer, Auditor of Public Accounts, Attorney General, Secretary of State and Commissioner of Agriculture, Labor and Statistics in even-numbered years, every four years, beginning in 2024; provide transitional calendar; submit to the voters for ratification or rejection. Provide ballot language.

(Prefiled by the sponsor(s).)

BR265 - Senator Morgan McGarvey
(12/8/2016)

AN ACT relating to health savings accounts.

Amend KRS 427.010 to exempt health savings accounts from execution, attachment, garnishment, distress, or fee bill.

(Prefiled by the sponsor(s).)

BR266 - Senator Tom Buford
(12/6/2016)

AN ACT relating to physician assistants.

Amend KRS 311.856 and 311.858 to permit a physician assistant to prescribe or dispense all legend drugs and Schedule II through V controlled substances to the extent delegated by the supervising physician; permit a physician assistant to sign for and distribute professional samples of drugs; require physician assistants authorized to prescribe drugs to register with the DEA, KASPER, the Prescription Drug Monitoring Program, and any applicable state-controlled substance regulatory authority; require a physician assistant, prior to prescribing controlled substances, to complete an application signed by the supervising physician and submit to the Board of Medical Licensure

for approval or denial within 30 days; mandate that dispensing activities of a physician assistant comply with state and federal law and to only occur in an emergency; amend KRS 218A.010 to add physician assistants to the definition of a “practitioner.”

(Prefiled by the sponsor(s).)

BR268 - Senator Julian Carroll
(10/28/2016)

AN ACT relating to death certificates.

Amend KRS 213.076 to require a certificate of death or a provisional certificate of death to include the section and lot number of the grave space if a body is interred in a cemetery; require the cemetery or cemetery company to provide the section and lot number to the funeral director, or person acting as such; designate that the requirements of this Act shall be known as Lil’s Law.

(Prefiled by the sponsor(s).)

BR277 - Representative John Short
(10/27/2016)

AN ACT relating to veterans nursing homes and declaring an emergency.

Prohibit the authorization of Federal Funds or Bond Funds for the construction of a state veterans nursing home unless the facility will accommodate the total unused number of beds allotted to the Commonwealth by the United States Department of Veterans Affairs; EMERGENCY.

(Prefiled by the sponsor(s).)

BR280 - Representative Phil Moffett
(12/7/2016)

AN ACT relating to public school assessment reporting.

Amend KRS 158.6453 to require a school or district to prominently display on its Web site home page a report of the aggregate percentage of students meeting or exceeding standards on specified assessments.

(Prefiled by the sponsor(s).)

BR289 - Senator Julie Adams
Dec 14-WITHDRAWN

BR294 - Senator Julie Adams
(12/8/2016)

AN ACT relating to notaries public.

Create a new section of KRS Chapter 423 to permit the Secretary of State and the county clerk in a county with a consolidated local government to institute a pilot program

to record electronically transmitted documents with a notarial act and to allow a fee of no more than \$10 to be charged yearly to a notary public who registers to participate in the pilot program.

(Prefiled by the sponsor(s).)

BR296 - Representative Jim Gooch Jr.
(10/25/2016)

AN ACT relating to the allocation of severance tax revenues to local governments.

Amend KRS 42.450 to increase the amount of minerals severance and processing taxes distributed to local governments through the local government economic assistance fund (LGEAF) to 100% of taxes collected, from the current 50%, over a five-year period; amend KRS 42.4582 and 42.4585 to similarly increase the amount of coal severance and processing taxes distributed to local governments through the local government economic development fund and LGEAF to 60% and 40% of taxes collected, from the current 35% and 15%, respectively, over the same five-year period.

(Prefiled by the sponsor(s).)

BR298 - Representative Jim DuPlessis,
Representative Myron Dossett
(11/21/2016)

AN ACT relating to enhanced secure identity documents and making an appropriation therefor.

Amend KRS 186.410 to specify that the Transportation Cabinet is the issuing agency for operator’s licenses and personal identification cards; allow applications through alternative technology; establish a base renewal period of 8 years for operator’s licenses and personal ID cards; require drivers under 18 who apply for an instruction permit to enroll in a driver education course; repeal and reenact KRS 186.412 to set forth the application process for citizens and permanent residents to apply for operator’s licenses and instruction permits; identify the information required in the application process; require electronic scanning of supporting documents used in the application process; create a new section of KRS 186.400 to 186.640 to set forth the application process for immigrants who can show proof of legal presence to apply for operator’s licenses and instruction permits; require that immigrants applying for an operator’s license apply with the Transportation Cabinet instead of the circuit clerk; require verification through the SAVE alien verification system; require an immigrant with a change in status to update information with the Transportation Cabinet within 10 days;

state that licenses issued under this section are good for the length of time a person’s visa is valid or 8 years, whichever is shorter; specify that if an immigrant does not have a date certain on his or her immigration status, the license issued will be valid for 1 year; create a new section of KRS 186.400 to 186.640 to set forth the application procedures for citizens and permanent residents to apply for personal identification cards; create a new section of KRS 186.400 to 186.640 to set forth the application procedures for immigrants who can show proof of legal presence to apply for personal identification cards, with the similar limitations and restrictions as for operator’s licenses; create a new section of KRS 186.400 to 186.640 to establish the form and composition of operator’s licenses and personal identification cards, including the requirements for photographs taken; specify that name changes through marriage, divorce, or other name changes conform to an applicant’s name on file with the Social Security Administration; create a new section of KRS 186.400 to 186.640 to establish procedures and fees for the child ID program; create a new section of KRS 186.400 to 186.640 to establish procedures for the issuance of personal identification cards or operator’s licenses to inmates being released from state and federal correctional institutions and individuals on probation and parole; create a new section of KRS 186.400 to 186.640 to allow renewal by mail for active duty members of the military stationed outside the Commonwealth; allow a 90-day extension for active duty military members returning home to renew their licenses; set forth procedures and requirements for the issuance of a “veteran” notation on an operator’s license or personal ID card; create a new section of KRS 186.400 to 186.640 to require the Transportation Cabinet to develop a system of voluntary enhanced secure licenses and personal ID cards; identify features of the system; give all applicants, including individuals coming into Kentucky from another state, the option to apply for an enhanced secure identity document; allow current holders of nonenhanced secure identity documents the option to apply for an enhanced secure identity document; allow individuals ineligible under federal standards for an enhanced secure identity document to apply for a nonenhanced secure identity document; set same fees for both enhanced secure and nonenhanced secure identity documents; clarify that electronic connectivity with agencies or organizations be limited to the minimum amount of data necessary to verify data presented by the applicant, process the application, and produce and distribute the identity documents, and limit data-sharing as

required under the federal Driver's Privacy Protection Act; require the KYTC to promulgate administrative regulations to set standards for the voluntary enhanced secure identity document system; create a new section of KRS 186.400 to 186.640 to set forth the documents required to apply for an enhanced secure identity document; amend KRS 186.401 to redefine "driver's license" and define "operator's license"; amend KRS 186.4101 to allow the Transportation Cabinet, within the first 4 years of the effective date of the Act, to issue identity documents with terms of both 4 and 8 years in order to accommodate the transition to an 8-year issuance period; amend KRS 186.4125 to require a certified copy of a birth certificate to apply for a voluntary enhanced secure identity document; retain existing language allowing the use of an original hospital birth certificate for a nonenhanced secure identity document; require the KYTC to apply to DHS for a waiver for an exception to allow hospital birth certificates to be used for voluntary enhanced secure identity documents; amend KRS 186.442 to clarify procedures for the issuance of a restricted "Kentucky Only" operator's license; amend KRS 186.450 to set the term of a motorcycle instruction permit to 2 years instead of 1 year with one allowable 1-year renewal; repeal and reenact KRS 186.531 to set fees for instruction permits, operator's licenses, and personal identification cards; set forth the distribution of fees; specify that the fees for a 4-year license issued within the first 4 years after the effective date of the Act shall be 50% of the fee listed, with all distributions subsequently reduced by 50%; specify that fees for identity documents applied for using alternative technology shall be distributed in the same manner as identity documents applied for with the circuit clerk; set forth procedures for voluntary donations to promote organ donation; establish donation levels of \$2 for an 8-year document and \$1 for a document with a term of less than 8 years; require donations to be forwarded to the Kentucky Circuit Court Clerks' Trust for Life and appropriate funds to promote an organ donation program; clarify that a person who wishes to rescind a declaration of making an anatomical gift should contact the Trust for Life rather than the person's circuit clerk; create a new section of KRS Chapter 27A to establish the circuit court clerk salary account; set forth streams of income including a portion of fees under Sections 21 and 24 of the Act; appropriate money in the fund to hire additional deputy circuit clerks and provide salary adjustments to deputy circuit clerks; create a new section of KRS Chapter 174 to establish the KYTC photo license account; set forth

stream of income, including a portion of the fees under Section 21 of this Act; appropriate moneys in the fund for the purpose of verifying, creating, and distributing enhanced secure identity documents; amend KRS 186.540 to clarify that fees for corrected licenses be set as provided in Section 21 of the Act; require the Transportation Cabinet to issue a corrected license free of charge to an individual who is mailed an identity document that contains an error; repeal, reenact, and renumber KRS 186.6401 as KRS 186.635 to conform and to bring the section into the statutory range dealing with operator's licenses; amend KRS 281A.170 to require that a commercial driver's license contain a denotation that the license either does or does not comply with the requirements of the REAL ID Act and can be used for federal identification purposes; set an 8-year term for CDLs; amend KRS 281A.120 to clarify that only citizens and permanent residents of the United States are eligible to receive a CDL; amend KRS 281A.150 to set forth the fees established by the Transportation Cabinet for application and issuance of CDLs and eliminate outdated references; amend KRS 186.010 to define "identity document" and "enhanced secure"; adjust the effective date so that Section 10, which requires the establishment for a voluntary enhanced secure identity document system by the KYTC, will take effect on the regular effective date for legislation from the 2017 Regular Session, with other sections of the Act taking effect January 1, 2019; amend KRS 15A.358, 186.4125, 186.430, 186.435, 186.440, 186.480, 186.490, 186.520, 186.535, 186.570, 186.579, 189.011, 281A.140, and 281A.160 to conform; repeal KRS 186.495 and 186.5315; EFFECTIVE 1/1/2019; APPROPRIATION.

(Prefiled by the sponsor(s).)

BR300 - Representative Michael Lee Meredith, Representative Denver Butler (10/25/2016)

AN ACT relating to supplements paid to police officers, professional firefighters, and qualified volunteer fire departments, declaring an emergency, and making an appropriation therefor.

Amend KRS 15.460 to increase the annual supplement paid to qualified police officers out of the Kentucky Law Enforcement Foundation Program fund from \$3,000 to \$4,000; amend KRS 95A.250 to increase the annual supplement paid to qualified professional firefighters out of the Firefighters Foundation Program fund from \$3,000 to \$4,000; amend KRS 95A.262 to increase the annual allotment to qualified volunteer

fire departments from \$8,250 to \$11,000; APPROPRIATION; EMERGENCY.
(Prefiled by the sponsor(s).)

BR307 - Representative Dean Schamore (12/2/2016)

Urge Congress and the United States Department of Agriculture to change the way data is collected and used to form the basis of farm safety net payments.
(Prefiled by the sponsor(s).)

BR313 - Representative Darryl Owens (12/7/2016)

AN ACT relating to crimes and punishments.

Amend KRS 186.990, 194A.990, 341.990, and 516.120 to raise the threshold level for a Class D felony for unlawful registration of a car to evade taxes, misrepresentation to receive public assistance or unemployment benefits, and unlawful use of slugs from \$100 to \$1,500; amend KRS 205.8461, 205.8463, 209.990, 238.995, 434.850, and 434.851 to raise the threshold level for a Class D felony for unlawful referral practices of a Medicaid provider, fraudulent Medicaid claims, wantonly or recklessly exploiting a vulnerable adult, charitable gaming fraud, unlawful diversion of charitable gaming funds, and unlawful access to computers in the second degree from \$300 to \$1,500; amend KRS 209.990 to raise the threshold level for a Class C felony for knowingly exploiting a vulnerable adult from \$300 to \$1500; amend 217.181 to raise the threshold levels for a Class C and D felony for theft of a legend drug; amend KRS 434.650, 434.655, 434.660, 434.670, 434.690, 514.030, 514.040, 514.050, 514.060, 514.070, 514.080, 514.090, 514.110, 514.120, and 517.060 to raise the threshold level for a Class D felony for various fraud and theft crimes from \$500 to \$1500; amend KRS 304.47-020 to raise the threshold level for a fraudulent insurance act from \$500 to \$1500; amend KRS 365.241 to raise the threshold level for a Class D felony for counterfeit intellectual property from \$1,000 to \$1,500.

(Prefiled by the sponsor(s).)

BR315 - Senator John Schickel (11/1/2016)

AN ACT relating to library district boards.

Amend KRS 173.480, relating to public library districts' initial board appointments, to allow a county judge/

executive with the approval of the fiscal court to appoint the first members of the newly created library board when any of the prospective appointees presented to the judge, in the judge's opinion, are not suitable; amend KRS 173.490, relating to public library districts, to allow a county judge/executive with the approval of the fiscal court to appoint members or fill vacancies of the library board when any of the prospective appointees presented to the judge, in the judge's opinion, are not suitable; amend KRS 173.725, relating to petition-created library districts' initial board appointments, to allow a county judge/executive with the approval of the fiscal court to appoint the first members of the newly created library board when any of the prospective appointees presented to the judge, in the judge's opinion, are not suitable; amend KRS 173.730, relating to library districts created by petition, to allow a county judge/executive with the approval of the fiscal court to appoint members or fill vacancies of the library board when any of the prospective appointees presented to the judge, in the judge's opinion, are not suitable.

(Prefiled by the sponsor(s).)

BR316 - Senator Joe Bowen
Nov 10-WITHDRAWN

BR317 - Representative Dennis Keene
(12/6/2016)

Encourage local governments to designate areas for the safe conduct of in-person Internet-initiated transactions.

(Prefiled by the sponsor(s).)

BR318 - Representative Jeffery Donohue
(10/27/2016)

AN ACT relating to tax credits for airport noise mitigation.

Create a new section of KRS Chapter 141 to establish a refundable income tax credit for the costs of mitigating noise from a commercial airport for taxable years beginning on or after January 1, 2017, but before January 1, 2021; amend KRS 131.190 to require certain information to be submitted to the Legislative Research Commission; amend various chapters in the Kentucky Revised Statutes to make conforming changes; amend KRS 141.0205 to order the credit.

(Prefiled by the sponsor(s).)

BR320 - Representative James Tipton
(11/2/2016)

AN ACT relating to autopsy records.
Create a new section of KRS

Chapter 72 to limit lawful distribution of autopsy photographs, images, video, or audio recordings to specified persons and agencies; amend KRS 72.992 to provide penalty for violating the prohibition on dissemination of autopsy photographs, images, or video or audio recordings.

(Prefiled by the sponsor(s).)

BR322 - Representative Jim Wayne
(12/6/2016)

AN ACT relating to planning and zoning in consolidated local governments.

Amend KRS 100.137 to clarify the powers of certain cities within a consolidated local government, regarding home rule powers that do not conflict with the comprehensive plan.

(Prefiled by the sponsor(s).)

BR327 - Representative Arnold Simpson
(11/15/2016)

AN ACT relating to the Kentucky Driver Manual.

Create a new section of KRS Chapter 186 to direct the Office for the Blind to provide the Department of Kentucky State Police with language regarding visually impaired and blind pedestrians to be added to the Kentucky Driver Manual.

(Prefiled by the sponsor(s).)

BR332 - Representative Jerry Miller
(11/10/2016)

AN ACT relating to planning and zoning.

Create a new section of KRS Chapter 100 to set requirements for filing a supersedeas bond for appeals of Circuit Court decisions before the case is transferred to the Kentucky Court of Appeals.

(Prefiled by the sponsor(s).)

BR333 - Senator Julian Carroll
(12/8/2016)

AN ACT relating to mail-in absentee ballot eligibility.

Amend KRS 117.085 to allow voters who have a medical condition that prevents them from both voting in person at the polls on election day and casting an absentee ballot in person in the county clerk's office on all days absentee voting is conducted prior to election day to vote by mail-in absentee ballot; amend KRS 117.086 to conform.

(Prefiled by the sponsor(s).)

BR337 - Representative Reginald Meeks
(12/6/2016)

AN ACT relating to patient quality of life.

Create new sections of KRS Chapter 211 to define terms; establish the Palliative Care and Quality of Life Interdisciplinary Advisory Council within the Cabinet for Health and Family Services and create provisions and requirements; establish the Palliative Care Consumer and Professional Information and Education Program within the cabinet and create provisions and requirements; require all health facilities to establish systems for identifying patients or residents who could benefit from palliative care and provide information by 2020 and allow the cabinet to require action plans and impose fines for those in violation.

(Prefiled by the sponsor(s).)

BR348 - Representative Steve Riggs
(12/9/2016)

AN ACT relating to pension spiking and declaring an emergency.

Create a new section of KRS Chapter 6 to provide that members of the Legislators' Retirement Plan who retire on or after January 1, 2018, shall be limited to a 10% growth in the creditable compensation earned during their last three years of service to the General Assembly if that compensation is used to calculate their retirement benefits; provide that only creditable compensation earned on or after July 1, 2017, shall be subject to the creditable compensation growth limitations; exempt bona fide promotions or salary advancements from the compensation growth limitation; define "bona fide promotion or salary advancements" as a professional advancement in substantially the same line of work held by the member in the 4 years immediately prior to the 3-year period or a change in employment position based upon training, education, or expertise; provide that the Judicial Form Retirement System shall refund contributions and interest on contributions, for any reductions in creditable compensation; provide that the Judicial Form Retirement System shall determine what constitutes a bona fide promotion or salary advancement; create a new section of KRS Chapter 21 to provide that members of the Judicial Retirement Plan who retire on or after January 1, 2018, shall be limited to a 10% annual growth in the creditable compensation earned during their last 60 months of service if that compensation is used to calculate their retirement benefits; provide that only creditable

compensation earned on or after July 1, 2017, shall be subject to the creditable compensation growth limitations; exempt bona fide promotions or salary advancements from the compensation growth limitation; define “bona fide promotion or salary advancements” as a professional advancement in substantially the same line of work held by the member in the 4 years immediately prior to the 60 month period or a change in employment position based upon training, education, or expertise; require the Judicial Form Retirement System to refund contributions and interest on contributions for any reductions in creditable compensation; provide that the Judicial Form Retirement System shall determine what constitutes a bona fide promotion or salary advancement; amend KRS 61.598 to provide that members of the Kentucky Employees Retirement System, the County Employees Retirement System, and the State Police Retirement System who retire on or after January 1, 2018, shall be limited to a 10% growth in the creditable compensation earned during their last 5 years of employment if that compensation is used to calculate their retirement benefits; provide that only creditable compensation earned on or after July 1, 2017, shall be subject to the creditable compensation growth limitations; exempt bona fide promotions or salary advancements, alternative sick leave payments, lump-sum payments for compensatory time, increases due to the member being on unpaid leave for any reason in the preceding year, and overtime paid under a grant program or due to a state or federally declared emergency; provide that the Kentucky Retirement Systems shall refund employee contributions for any reductions in creditable compensation provided by this section; provide that the Kentucky Retirement Systems shall determine what constitutes a bona fide promotion or salary advancement and allow the member to appeal a decision of the system to the board; remove provisions charging employers for creditable compensation growth greater than 10% during the employee’s last 5 years of employment; amend KRS 16.645 and 78.545 to conform; EMERGENCY.

(Prefiled by the sponsor(s).)

BR352 - Senator Robin Webb
(12/6/2016)

AN ACT relating to the overtaking of bicycles on a roadway.

Amend KRS 189.300 to provide that the operator of any vehicle moving upon a highway is to keep to the right unless signage or markings indicate otherwise; amend KRS 189.340 to require vehicles overtaking bicycles to pass at a distance of at least three

feet; specify when a motor vehicle may pass a bicycle to the left of the center of a roadway.

(Prefiled by the sponsor(s).)

BR354 - Senator Tom Buford
(12/9/2016)

AN ACT relating to death benefits for social workers and making an appropriation therefor.

Amend KRS 61.315 to make social service workers eligible to receive benefits for death in the line of duty; require the Cabinet for Health and Family Services to promulgate administrative regulations to establish criteria and procedures pertaining to the benefit; APPROPRIATION.

(Prefiled by the sponsor(s).)

BR356 - Representative Joseph Fischer
(12/8/2016)

AN ACT relating to agency participation in the state health plan.

Amend KRS 78.530 to provide that fire districts that begin participating in the County Employees Retirement System (CERS) on or after July 15, 2017, were established by a merger or an interlocal agreement to provide public services that was entered into on or after July 15, 2017, but not later than July 15, 2018, between two or more fire districts with not more than fifteen (15) employees each, shall be exempt from the requirement of signing a contract for employee health insurance with the Personnel Cabinet as a condition of participation in CERS.

(Prefiled by the sponsor(s).)

BR357 - Senator John Schickel
Dec 05-WITHDRAWN

BR358 - Representative Jerry Miller
(12/1/2016)

AN ACT relating to public benefit corporations.

Amend KRS 14A.3-010, 271B.1-400, 271B.2-020, 271B.6-260, 271B.7-400, 271B.8-300, 271B.13-020, and 271B.16-210, and create a new section of Subtitle 11 of KRS Chapter 271B to establish public benefit corporations.

(Prefiled by the sponsor(s).)

BR364 - Representative Reginald Meeks
(12/8/2016)

AN ACT relating to ownership of real and personal property by aliens.

Amend KRS 381.290, relating

to right of an alien intending to be naturalized to own real or personal property in Kentucky, to delete original provisions and replace them with a provision permitting aliens, both resident and nonresident, to own real and personal property in Kentucky in the same manner as a citizen, except as otherwise provided by an applicable statute or treaty; repeal KRS 381.300, 381.310, 381.320, 381.330, and 381.340, which restrict the rights of aliens to own property in Kentucky.

(Prefiled by the sponsor(s).)

BR369 - Representative James Kay
(12/9/2016)

AN ACT proposing an amendment to Section 170 of the Constitution of Kentucky relating to property exempt from taxation.

Propose an amendment to Section 170 of the Constitution of Kentucky increasing the homestead exemption from the current inflation-adjusted amount of \$36,900 to the full assessed value of the property for totally and permanently disabled veterans who are rated unemployable or 100% disabled by the United States Department of Veterans Affairs due to a service-connected disability; add the continued biennial inflation indexing of the homestead exemption amount; make various typographical changes of a nonsubstantive nature; state ballot question; submit to voters.

(Prefiled by the sponsor(s).)

BR372 - Representative Susan Westrom
(12/5/2016)

AN ACT relating to area development districts.

Amend KRS 147A.070 to require area development districts to use specific hiring practices and compliance with state accountability and transparency standard measures; create a new section of KRS Chapter 147A to give state agencies providing funds to area development districts final authority on the role of the area development districts; require a report to LRC from the Cabinet for Health and Family Services and Education and Workforce Development Cabinet on allocations of funds provided to the area development districts; create a new section of KRS Chapter 147A to require the Auditor of Public Accounts to perform a preliminary study of all the area development districts and do further review if necessary; create a new section of KRS Chapter 147A to specify the requirements for audits of area development districts make the section specifying requirements for audits EFFECTIVE July 1, 2018.

(Prefiled by the sponsor(s).)

BR373 - Representative Jeff Taylor
(11/28/2016)

AN ACT relating to enhanced secure identity documents and making an appropriation therefor.

Amend KRS 186.410 to specify that the Transportation Cabinet is the issuing agency for operator's licenses and personal identification cards; allow applications through alternative technology; establish a base renewal period of 8 years for operator's licenses and personal ID cards; require drivers under 18 who apply for an instruction permit to enroll in a driver education course; repeal and reenact KRS 186.412 to set forth the application process for citizens and permanent residents to apply for operator's licenses and instruction permits; identify the information required in the application process; require electronic scanning of supporting documents used in the application process; create a new section of KRS 186.400 to 186.640 to set forth the application process for immigrants who can show proof of legal presence to apply for operator's licenses and instruction permits; require that immigrants applying for an operator's license apply with the Transportation Cabinet instead of the circuit clerk; require verification through the SAVE alien verification system; require an immigrant with a change in status to update information with the Transportation Cabinet within 10 days; state that licenses issued under this section are good for the length of time a person's visa is valid or 8 years, whichever is shorter; specify that if an immigrant does not have a date certain on his or her immigration status, the license issued will be valid for 1 year; create a new section of KRS 186.400 to 186.640 to set forth the application procedures for citizens and permanent residents to apply for personal identification cards; create a new section of KRS 186.400 to 186.640 to set forth the application procedures for immigrants who can show proof of legal presence to apply for personal identification cards, with the similar limitations and restrictions as for operator's licenses; create a new section of KRS 186.400 to 186.640 to establish the form and composition of operator's licenses and personal identification cards, including the requirements for photographs taken; specify that name changes through marriage, divorce, or other name changes conform to an applicant's name on file with the Social Security Administration; create a new section of KRS 186.400 to 186.640 to establish procedures and fees for the child ID program; create a new section of KRS 186.400 to 186.640 to establish procedures for

the issuance of personal identification cards or operator's licenses to inmates being released from state and federal correctional institutions and individuals on probation and parole; create a new section of KRS 186.400 to 186.640 to allow renewal by mail for active duty members of the military stationed outside the Commonwealth; allow a 90-day extension for active duty military members returning home to renew their licenses; set forth procedures and requirements for the issuance of a "veteran" notation on an operator's license or personal ID card; create a new section of KRS 186.400 to 186.640 to require the Transportation Cabinet to develop a system of voluntary enhanced secure licenses and personal ID cards; identify features of the system; give all applicants, including individuals coming into Kentucky from another state, the option to apply for an enhanced secure identity document; allow current holders of nonenhanced secure identity documents the option to apply for an enhanced secure identity document; allow individuals ineligible under federal standards for an enhanced secure identity document to apply for a nonenhanced secure identity document; set same fees for both enhanced secure and nonenhanced secure identity documents; clarify that electronic connectivity with agencies or organizations be limited to the minimum amount of data necessary to verify data presented by the applicant, process the application, and produce and distribute the identity documents, and limit data-sharing as required under the federal Driver's Privacy Protection Act; require the KYTC to promulgate administrative regulations to set standards for the voluntary enhanced secure identity document system; create a new section of KRS 186.400 to 186.640 to set forth the documents required to apply for an enhanced secure identity document; amend KRS 186.401 to redefine "driver's license" and define "operator's license"; amend KRS 186.4101 to allow the Transportation Cabinet, within the first 4 years of the effective date of the Act, to issue identity documents with terms of both 4 and 8 years in order to accommodate the transition to an 8-year issuance period; amend KRS 186.4125 to require a certified copy of a birth certificate to apply for a voluntary enhanced secure identity document; retain existing language allowing the use of an original hospital birth certificate for a nonenhanced secure identity document; require the KYTC to apply to DHS for a waiver for an exception to allow hospital birth certificates to be used for voluntary enhanced secure identity documents; amend KRS 186.442 to clarify procedures for the issuance of a restricted "Kentucky Only" operator's license; amend

KRS 186.450 to set the term of a motorcycle instruction permit to 2 years instead of 1 year with one allowable 1-year renewal; repeal and reenact KRS 186.531 to set fees for instruction permits, operator's licenses, and personal identification cards; set forth the distribution of fees; specify that the fees for a 4-year license issued within the first 4 years after the effective date of the Act shall be 50% of the fee listed, with all distributions subsequently reduced by 50%; specify that fees for identity documents applied for using alternative technology shall be distributed in the same manner as identity documents applied for with the circuit clerk; set forth procedures for voluntary donations to promote organ donation; establish donation levels of \$2 for an 8-year document and \$1 for a document with a term of less than 8 years; require donations to be forwarded to the Kentucky Circuit Court Clerks' Trust for Life and appropriate funds to promote an organ donation program; clarify that a person who wishes to rescind a declaration of making an anatomical gift should contact the Trust for Life rather than the person's circuit clerk; create a new section of KRS Chapter 27A to establish the circuit court clerk salary account; set forth streams of income including a portion of fees under Sections 21 and 24 of the Act; appropriate money in the fund to hire additional deputy circuit clerks and provide salary adjustments to deputy circuit clerks; create a new section of KRS Chapter 174 to establish the KYTC photo license account; set forth stream of income, including a portion of the fees under Section 21 of this Act; appropriate moneys in the fund for the purpose of verifying, creating, and distributing enhanced secure identity documents; amend KRS 186.540 to clarify that fees for corrected licenses be set as provided in Section 21 of the Act; require the Transportation Cabinet to issue a corrected license free of charge to an individual who is mailed an identity document that contains an error; repeal, reenact, and renumber KRS 186.6401 as KRS 186.635 to conform and to bring the section into the statutory range dealing with operator's licenses; amend KRS 281A.170 to require that a commercial driver's license contain a denotation that the license either does or does not comply with the requirements of the REAL ID Act and can be used for federal identification purposes; set an 8-year term for CDLs; amend KRS 281A.120 to clarify that only citizens and permanent residents of the United States are eligible to receive a CDL; amend KRS 281A.150 to set forth the fees established by the Transportation Cabinet for application and issuance of CDLs and eliminate outdated references; amend KRS 186.010 to define "identity document" and "enhanced

secure”; adjust the effective date so that Section 10, which requires the establishment for a voluntary enhanced secure identity document system by the KYTC, will take effect on the regular effective date for legislation from the 2017 Regular Session, with other sections of the Act taking effect January 1, 2019; amend KRS 15A.358, 186.4125, 186.430, 186.435, 186.440, 186.480, 186.490, 186.520, 186.535, 186.570, 186.579, 189.011, 281A.140, and 281A.160 to conform; repeal KRS 186.495 and 186.5315; EFFECTIVE 1/1/2019; APPROPRIATION.

(Prefiled by the sponsor(s).)

BR378 - Senator Morgan McGarvey
(12/8/2016)

AN ACT relating to civil rights.

Amend KRS 344.010 to include definitions for “sexual orientation,” “gender identity,” “local Commission,” and “real estate-related transaction”; amend KRS 344.020, relating to the purpose of the Kentucky’s civil rights chapter, to include a prohibition on discrimination because of sexual orientation and gender identity; amend KRS 344.040, 344.050, 344.060, 344.070, and 344.080, relating to prohibited discrimination in various labor and employment practices, to include sexual orientation and gender identity; amend KRS 344.025, 344.100, 344.110, and KRS 18A.095 to conform; amend KRS 344.120 and 344.140, relating to prohibited discrimination in places of public accommodation and advertisements therefor, to include sexual orientation and gender identity; amend KRS 344.170, 344.180, 344.190, 344.300, and 344.310, relating to the state and local human rights commissions, to include prohibition of discrimination on the basis of sexual orientation and gender identity in the scope of their powers and duties; amend KRS 344.360, 344.680, 344.370, and 344.380, relating to prohibited discrimination in certain housing, real estate, and other financial transactions, to include sexual orientation and gender identity; amend KRS 344.367, relating to prohibited discrimination in certain insurance sales, to include sexual orientation and gender identity; amend KRS 344.400, relating to prohibited discrimination in certain credit transactions, to include sexual orientation and gender identity; make various technical amendments.

(Prefiled by the sponsor(s).)

BR383 - Representative Jim DuPlessis
(11/21/2016)

AN ACT relating to patient notification of mammogram results showing dense tissue.

Create a new section of KRS 214.550 to 214.556 to require the provider of mammography services to provide information to a patient on breast density when appropriate; permit the Department for Public Health to provide updates to the definition of “dense breast tissue” if appropriate.

(Prefiled by the sponsor(s).)

BR387 - Representative Kenny Imes
(11/30/2016)

AN ACT proposing to amend Section 95 of the Constitution of Kentucky relating to the election of state officers.

Propose to amend Section 95 of the Constitution of Kentucky to hold the election of the Governor, Lieutenant Governor, Treasurer, Auditor of Public Accounts, Attorney General, Secretary of State, and Commissioner of Agriculture, Labor and Statistics in even-numbered years, every four years, beginning in 2024; provide transitional calendar; submit to the voters for ratification or rejection; provide ballot language.

(Prefiled by the sponsor(s).)

BR390 - Representative William Wells
(12/2/2016)

AN ACT relating to unemployment insurance.

Create a new section of KRS Chapter 341 to define a “seasonal/on recall employee” and require certification by an employer; amend KRS 341.350 to exempt seasonal/on recall employees from the waiting week and reemployment requirements.

(Prefiled by the sponsor(s).)

BR391 - Representative William Wells
Dec 15-WITHDRAWN

BR400 - Representative Kenny Imes
(11/30/2016)

AN ACT relating to election finance.

Amend KRS 121.180 to reduce the number of campaign finance reports required to be reported relating to a primary or election from four to two, one 15 days prior to a primary or election and one 45 days after; amend KRS 23A.070, 121.150, and 121.170 to conform.

(Prefiled by the sponsor(s).)

BR407 - Representative William Wells
(12/9/2016)

Submit an application to Congress to call a convention of the states of the United States of America, in accordance with Article V of the Constitution, to propose an amendment to the United States Constitution requiring a balanced budget.

(Prefiled by the sponsor(s).)

BR408 - Senator Perry Clark
(12/9/2016)

AN ACT relating to the regulation of cannabis and making an appropriation therefor.

Establish KRS Chapter 245 to regulate the cultivation, testing, processing, taxing, and sale of cannabis to persons aged 21 years and older; create, amend, and repeal various sections to conform.

(Prefiled by the sponsor(s).)

BR409 - Senator Perry Clark
(12/6/2016)

AN ACT relating to medical cannabis.

Create various new sections of KRS Chapter 218A to establish a comprehensive system for medical cannabis, including provisions for medical verification of need; persons allowed to cultivate, use, and possess the drug; organizations allowed to assist in providing the drug; regulation by the state Department of Alcoholic Beverage and Cannabis Control; interaction on the part of state and local governments, including law enforcement, with persons and entities coming within the purview of the Act; and establishment of required reporting and review procedures; rename the Department of Alcoholic Beverage Control the Department of Alcoholic Beverage and Cannabis Control; amend various KRS sections to conform; provide that the Act may be cited as the Cannabis Compassion Act.

(Prefiled by the sponsor(s).)

BR411 - Representative Gerald Watkins
(12/8/2016)

AN ACT relating to nuclear power.

Amend KRS 278.600 to define “plan for storage of high-level nuclear waste,” “storage,” and “low-level nuclear waste”; amend KRS 278.610 to allow certification if the facility and its plans for waste storage are approved by the Nuclear Regulatory Commission; eliminate requirement that facility have a plan for disposal of high-level nuclear waste; eliminate requirement that cost of waste disposal be known; eliminate requirement that facility have adequate capacity to contain waste; give the Public Service Commission

authority to hire consultant to perform duties relating to nuclear facility certification; prohibit construction of low-level nuclear waste disposal sites in Kentucky. except as provided in KRS 211.852; repeal KRS 278.605, relating to construction of nuclear power facilities; direct the Energy and Environment Cabinet to review regulations required for permitting nuclear facilities and report to LRC.

(Prefiled by the sponsor(s).)

BR412 - Representative Gerald Watkins
(12/2/2016)

AN ACT relating to criminal attempted murder.

Amend KRS 439.3401 to make criminal attempt to commit murder of a peace officer or a firefighter an offense for which at least 85 percent of the sentence must be served before probation or parole.

(Prefiled by the sponsor(s).)

BR418 - Representative Diane St. Onge
(12/9/2016)

AN ACT relating to service animals.

Amend KRS 525.200 to remove the requirement that a service animal be unable to return to work from the elements of the offense of first degree assault on a service animal, and add levels of injury and criminal intent to the elements.

(Prefiled by the sponsor(s).)

BR426 - Senator John Schickel
(12/5/2016)

AN ACT relating to school councils.

Amend KRS 160.345 to require the local school superintendent or designee to establish school policies, make personnel decisions, determine instructional materials, determine student support services, plan professional development, and fill principal vacancies; require superintendent to consult with principals and school councils; require the principal or principal's designee in a school containing any combination of grades K-5 to develop and implement a school wellness policy; amend KRS 158.197 to allow the principal or principal's designee to authorize the display of specific educational materials; amend KRS 158.153, 158.792, 158.844, 158.070, and 156.095 to conform.

(Prefiled by the sponsor(s).)

BR430 - Representative Gerald Watkins
(12/9/2016)

AN ACT relating to life imprisonment

for persistent felony offenders.

Amend KRS 532.080 to increase the sentence to life without the possibility of parole for offenders with three or more independent convictions for Class A or B felonies or capital offenses.

(Prefiled by the sponsor(s).)

BR441 - Representative Donna Mayfield
(12/9/2016)

AN ACT relating to motor vehicle equipment.

Amend KRS 189.950 to prohibit most motor vehicles from being equipped with blue lights; provide an exemption for nonhalogen headlamps that have a slight blue tint and meet USDOT regulations; amend KRS 189.993 to establish penalties for violation.

(Prefiled by the sponsor(s).)

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2016 Interim

LEGISLATIVE RECORD

Published monthly by the Legislative Research Commission, the *Interim RECORD* is designed to inform the citizens of Kentucky of the between-sessions work of the General Assembly.

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Printed with state funds

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