

MID-INTERIM REPORTS OF THE
JOINT, SPECIAL AND STATUTORY
COMMITTEES 1994

Informational Bulletin No. 191

Legislative Research Commission

Frankfort, Kentucky

FOREWORD

As of December, 1994, the Legislative Research Commission (LRC) has authorized the formation of sixteen interim joint committees to function during the 1994-95 interim. In addition five special committees have been established to address particular issues during this same interim. Five committees of the General Assembly and the Legislative Research Commission are authorized by statute: the Administrative Regulation Review Subcommittee, the Capital Planning Advisory Board, the Capital Projects and Bonds Oversight Committee, the Personal Service Contract Review Subcommittee, and the Program Review and Investigation Committee.

The reports contained in this booklet summarize the activity of joint, special and statutory committees through November, 4, 1994. This mid-interim report is being issued now in order to be available to the 1995 organizational session of the Kentucky General Assembly. A final report of committee activity for the 1994-95 interim will be published in November, 1995. Current accounts of committee activity can be found in the *Interim Legislative Record* and the Legislative Research Commission library.

The reports were prepared separately by committee staff and were compiled and edited by Charles Bush, Research Editor.

Vic Hellard, Jr., Director
Legislative Research Commission

The Capitol
Frankfort
December, 1994

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**REPORT OF THE 1994
INTERIM JOINT COMMITTEE ON
AGRICULTURE AND NATURAL RESOURCES**

**Sen. Rick Rand, Co-Chair
Rep. Herbie Deskins, Jr., Co-Chair**

Rep. Royce Adams
Rep. Rocky Adkins
Rep. Woody Allen
Rep. Adrian Arnold
Sen. Charlie Borders
Sen. Fred Bradley
Rep. Mark Brown
Rep. Jeffrey Buis
Rep. Jack Coleman
Rep. Hubert Collins
Rep. Donald Farley
Rep. Mark Farrow
Sen. Ed Ford
Rep. Rick Fox
Rep. Kenny French
Rep. Donnie Gedling
Rep. Walter Gee
Rep. Drew Graham
Rep. Tom Jensen
Sen. Dan Kelly
Rep. Thomas Kerr
Rep. Jimmie Lee
Sen. Bob Leeper

Rep. Jim LeMaster
Rep. Bill Lile
Rep. June Lyne
Rep. Jim Maggard
Rep. Sam McElroy
Rep. Harry Moberly, Jr.
Sen. Virgil Moore
Rep. Ray Mullinix
Rep. Charles Nelson
Sen. Kim Nelson
Rep. Clarence Noland
Sen. Joe Pendleton
Sen. John David Preston
Rep. Jon David Reinhardt
Rep. Dorsey Ridley
Rep. Richard Sanders, Jr.
Rep. William Scott
Rep. Donna Shacklette
Rep. Billy Ray Smith
Rep. Rex Smith
Sen. Tom Smith
Rep. Richard Turner

LRC STAFF: Brooks H. Talley, Daniel J. Risch, Andrew Cammack, Mary Lynn Collins, Gerard Donovan, and Diana Lynn Hill

**PRESENTED TO THE
LEGISLATIVE RESEARCH COMMISSION
AND THE 1995 ORGANIZATIONAL SESSION OF THE
KENTUCKY GENERAL ASSEMBLY**

**INTERIM JOINT COMMITTEE ON
AGRICULTURE AND NATURAL RESOURCES**

COMMITTEE JURISDICTION: matters pertaining to crops, livestock, poultry, and their marketing, disease control, and warehousing; tobacco; stockyards; agricultural cooperatives and marketing associations; agriculture weights and measures; veterinarians; State Fair; county fairs; water pollution; air pollution; management of waste; protection of the environment; noise pollution; forestry; mining; fish and wildlife resources; soil and water conservation; flood control and water usage; drainage and irrigation; geology and water resources; waterways and dams; oil, gas, and salt water wells; state and national parks; Natural Resources and Environmental Protection Cabinet; and all matters not specifically assigned to another committee relating to administrative, regulatory, or operating issues which, because of their smaller size, uniquely impact small business.

SUBCOMMITTEE ORGANIZATION AND MEMBERSHIP

**SUBCOMMITTEE ON
AGRICULTURE**

Sen. Bob Leeper, Chair
Rep. Royce Adams
Rep. Woody Allen
Rep. Adrian Arnold
Sen. Fred Bradley
Rep. Jeffrey Buis
Rep. Jack Coleman
Rep. Mark Farrow
Rep. Kenny French
Rep. Donnie Gedling
Rep. Drew Graham
Rep. June Lyne
Sen. Virgil Moore
Rep. Ray Mullinix
Rep. Clarence Noland
Sen. Joey Pendleton
Rep. William Scott
Rep. Billy Ray Smith
Rep. Richard Turner

**SUBCOMMITTEE ON
ENVIRONMENT**

Rep. Mark Brown, Chair
Sen. Charlie Borders
Rep. Donald Farley
Sen. Ed Ford
Rep. Jimmie Lee
Rep. Jim LeMaster
Rep. Bill Lile
Rep. Harry Moberly, Jr.
Rep. Dorsey Ridley
Rep. Rex Smith
Sen. Tom Smith

**SUBCOMMITTEE ON
NATURAL RESOURCES**

Sen. Kim Nelson, Chair
Rep. Rocky Adkins
Rep. Hubert Collins
Rep. Rick Fox
Rep. Tom Jensen
Rep. Charles Nelson
Sen. John David Preston

**SUBCOMMITTEE ON SMALL
BUSINESS**

Rep. Mark Farrow, Chair
Rep. Adrian Arnold
Rep. Walter Gee
Rep. Drew Graham
Sen. Dan Kelly
Rep. Tom Kerr
Rep. Jim Maggard
Rep. Sam McElroy
Rep. Jon David Reinhardt
Rep. Richie Sanders, Jr.
Rep. Donna Shacklette
Rep. Billy Ray Smith

EX-OFFICIO MEMBERS OF ALL SUBCOMMITTEES

Sen. Rick Rand
Rep. Herbie Deskins, Jr.

COMMITTEE ACTIVITY

The Interim Joint Committee on Agriculture and Natural Resources met three times this interim through October 1994.

Administrative regulations were considered at each of these meetings. The Committee has received 82 administrative regulations from the close of the 1994 regular session through October 31, 1994. These administrative regulations dealt with a variety of subjects, including air quality, drinking water, water pollution control, tobacco, underground petroleum storage tanks, fish and wildlife, surface coal mining, fertilizers, and groundwater. Of these 82 administrative regulations, the Committee determined that 66 comply with statutory law, 14 became effective without Committee consideration, one was deferred until the next meeting, and administrative regulation 401 KAR 5:037, relating to groundwater, was considered but the Committee took no official action on it.

All three of the Committee's meetings dealt with environmental issues, with one meeting also involving agriculture. One of the environmental issues was the disposal of waste tires. Kentucky enacted legislation in 1990 which encouraged the proper disposal of waste tires. The 1994 Regular Session of the General Assembly enacted House Bill 399, which attempted to encourage the recycling of waste tires. However, because of the lack of proper facilities in the state for such recycling, the Natural Resources and Environmental Protection Cabinet was forced to devise a temporary method to accommodate the recycling of waste tires. The Cabinet reported to the Committee that a temporary system had been devised which would allow time for facilities to become certified for the recycling of waste tires.

The Committee received a report from the Natural Resources and Environmental Protection Cabinet about the state's Hazardous Waste Management Assessment Fund. The fund is supported by an assessment on each generator of hazardous waste within the state. About \$2.2 million is collected each year by the fund. About \$7.7 million was spent or obligated by the fund in the 1992-94 biennium. Money in the fund is used primarily in the cleanup of non-federal emergency and non-emergency hazardous waste sites and in cost-sharing in federal Superfund sites located in Kentucky. The Committee was concerned about slow progress in cleaning these sites and the percentage of the funds spent on consulting services.

The final issue considered by the Committee before October 31, 1994, concerned water quality, soil conservation, and agricultural operations. It was brought to the Committee's attention that sometimes a farmer is not aware of or is confused by state and federal requirements to protect water quality when constructing small watershed projects, grassed waterways, and grade stabilization projects. In an effort to reduce this confusion, the involved agencies were asked to explain their respective roles. A representative of the federal government explained the

requirements for issuing 404 permits in dredging and filling operations. A representative of state government explained the requirements for issuing a 401 certification to protect the quality of surface water in agricultural operations, and a representative of the federal Soil Conservation Service explained that it provided technical assistance to farmers in implementing soil conservation practices.

Subcommittee on Agriculture

The Subcommittee had met once this interim as of October 1994. The state's honeybee industry was discussed at this meeting. The importance of the honeybee in pollinating fruits and vegetables was emphasized, as well as ways to promote the honeybee industry in the state.

Subcommittee on Environment

The Subcommittee met one time. The subject of using lagoons as a method of treating sewage was discussed. The Subcommittee may consider changes to the present administrative regulations controlling the use of lagoons.

A lagoon, in essence, is a pond that holds sewage effluent until contaminants are removed through anaerobic activity at the bottom of the pond and aerobic activity in the upper layers of pond water. The lagoons are designed to avoid runoff or overflows. Lagoons are used when soil conditions do not allow the economical use of septic tanks and lateral fields.

Several suggestions to improve lagoons were given to the Subcommittee. These suggestions include requiring: minimum lot size of five acres; minimum distance of 150 feet from property lines for the lagoons and their components; minimum clearance of 100 feet for trees and tall growth; fences with open weave; periodic inspections to ensure proper functioning of the lagoon; providing literature to homeowners about required maintenance and how to identify problems; minimum of 150 feet from lakes, streams, sinkholes, and wells; and the posting of warnings.

At a later time, the Subcommittee may be expected to review the implementation of House Bill 481 enacted by the 1994 General Assembly. The bill elaborates on the legislative requirements for the conduct of a study to identify corrective action standards for leaks from underground petroleum storage tanks.

Subcommittee on Natural Resources

The Subcommittee did not meet before October 31, 1994.

Subcommittee on Small Business

The Subcommittee did not meet before October 31, 1994.

**REPORT OF THE 1994
INTERIM JOINT COMMITTEE ON
APPROPRIATIONS AND REVENUE**

**Senator Michael R. Moloney, Co-Chair
Representative Marshall Long, Co-Chair**

Rep. Rocky Adkins
Sen. Benny Ray Bailey
Sen. Walter Baker
Rep. Joe Barrows
Rep. Russell Bentley
Sen. Charles Berger
Sen. Walter Blevins
Rep. Mark Brown
Rep. Jim Callahan
Rep. Larry Clark
Rep. Danny Ford
Rep. Charles Geveden
Rep. Leonard Gray
Rep. Hank Hancock
Rep. Ken Harper
Rep. Porter Hatcher
Rep. Bob Heleringer

Sen. Nick Kafoglis
Sen. Dan Kelly
Rep. Jim LeMaster
Rep. Paul Mason
Rep. Harry Moberly
Sen. Gerald Neal
Rep. Clarence Noland
Rep. Anne Northup
Rep. Ruth Ann Palumbo
Sen. Joey Pendleton
Rep. Kenny Rapier
Sen. Dick Roeding
Sen. Larry Saunders
Rep. Ernesto Scorsone
Rep. Richard Turner
Rep. Pete Worthington

LRC STAFF: Terry K. Jones, Pamela Lester, Susan Gilliland, and Katherine King

**PRESENTED TO THE
LEGISLATIVE RESEARCH COMMISSION
AND THE 1995 ORGANIZATIONAL SESSION OF THE
KENTUCKY GENERAL ASSEMBLY**

**INTERIM JOINT COMMITTEE ON
APPROPRIATIONS AND REVENUE**

COMMITTEE JURISDICTION: Matters pertaining to the executive budget and other appropriations of state moneys; the levying of state and local taxes, including school taxes; property tax rates and assessments; the state debt; revenue bond projects; veteran's bonus; claims upon the treasury; accounting of state funds by local officers; audit for state purposes; budget and financial administration; payment, collection, and refund of taxes; distribution and budgeting of state lottery proceeds.

SUBCOMMITTEE ORGANIZATION AND MEMBERSHIP
Subcommittees on Legislative Budget Review and Oversight

The Interim Joint Committee on Appropriations and Revenue has been organized into six budget review subcommittees. Their purpose has been to review revisions to the enacted 1994-96 Budget, and monitor the budgetary operations and programs of state government, as well as analyze agency budget needs for the 1996-98 biennium.

The subcommittee members and primary staff assignments are as follows:

| <u>Subcommittee</u> | <u>Subcommittee Members</u> | <u>Staff Members</u> |
|--|---|---|
| Economic Development, Natural Resources and Tourism | Sen. Larry Saunders, Co-Chair Rep. Russell Bentley, Co-Chair Rep. Larry Clark Rep. Ken Harper Rep. Jim Callahan Sen. Fred Bradley Rep. Jack Coleman Rep. Rocky Adkins Rep. Jimmie Lee | Nancy Osborne Doug Teague Fonda Snyder, Secretary |
| Education | Sen. Nick Kafoglis, Co-Chair Rep. Harry Moberly, Co-Chair Rep. Ruth Ann Palumbo Rep. Kenny Rapier Rep. Anne Northup Sen. Ed Ford Rep. Jody Richards Rep. Tom Kerr | Charles Shirley Susan Dance, Secretary |

**General Government, Finance and
Public Protection**

Sen. Gerald Neal, Co-Chair
Rep. Joe Barrows, Co-Chair
Rep. Jim LeMaster
Rep. Richard Turner
Rep. Mark Brown
Sen. Joseph U. Meyer
Rep. Mark Farrow
Rep. Charles Nelson
Rep. Jim Wayne

Tim Lowry
Jim Works
Karen Hilborn
Pat Aldridge, Secretary

Human Resources

Sen. Benny Ray Bailey, Co-Chair
Rep. Paul Mason, Co-Chair
Rep. Clarence Noland
Rep. Leonard Gray
Rep. Bob Heleringer
Rep. Tom Burch, Ex-Officio
Sen. Henry Lackey
Rep. Bill Lear
Rep. Paul Clark
Rep. Stephen Nunn
Rep. Robert Damron

John Cosby
Wanda Meeks
Fonda Snyder, Secretary

Justice, Corrections and Judiciary

Sen. Charlie Berger, Co-Chair
Rep. Ernesto Scorsone, Co-Chair
Rep. Charles Geveden
Sen. Kelsey Friend
Rep. Adrian K. Arnold
Rep. Jon Ackerson
Rep. Louis Johnson
Rep. Richard Lewis

Jerry Bailey
Steve Mason
Pat Aldridge, Secretary

Transportation

Sen. Joey Pendleton, Co-Chair
Rep. Hank Hancock, Co-Chair
Rep. Pete Worthington
Rep. Danny Ford
Rep. Clayton Little, Ex-Officio
Sen. Kim Nelson
Rep. Ron Cyrus
Rep. Jim Maggard
Rep. Dorsey Ridley

Steve Mason
Susan Dance, Secretary

EX-OFFICIO MEMBERS OF ALL SUBCOMMITTEES:

**Senator Michael Moloney
Representative Marshall Long**

COMMITTEE ACTIVITY

The Interim Joint Committee on Appropriations and Revenue has met two times during the 1994-95 legislative interim, as of October, 27 1994.

The committee receives the following monthly reports: (1) General Fund Revenue Receipts; (2) Kentucky Lottery Report; (3) State Audits Conducted; (4) Personal Service Contracts; (5) Department of Personnel Budgeted Positions; (6) Agency Employee Status Summary; (7) Permanent Full-Time Employees; (8) Local School District Bond Issues; and (9) Interim Budget Adjustments.

At its first interim meeting, May 18, 1994, the committee heard from the consulting economist for the cabinet, who projected that revenue estimates for the current fiscal year will be \$41.2 million. Projected revenue estimates for the biennium are expected to be \$36.4 million for FY 1995, and \$35.7 million for FY 1996. The revenue estimates are attributed to continued growth in Kentucky's economy and will be recurring amounts. The committee also heard from the consulting economist for the Legislative Research Commission, who presented a conservative revenue surplus estimate, as well as an optimistic forecast. In his conservative estimate, he projected a revenue surplus of approximately \$14 million, and in his optimistic revenue surplus forecast, he estimated a total surplus of approximately \$41.5 million. He predicted that a more reliable estimate could be made in June, after deposits and refunds for the month of May have been made in the individual income tax.

The committee also reviewed Revenue Cabinet administrative regulations previously found deficient by the committee during quadrennial review. Administrative regulations 103 KAR 15:040, 103 KAR 16:010, 103 KAR 16:100, 103 KAR 16:110, 103 KAR 16:120, 103 KAR 16:130, 103 KAR 16:150, and 103 KAR 17:060 were amended by the cabinet and the committee determined that they now conform to the provisions of KRS Chapter 13A. The committee determined that administrative regulation 103 KAR 16:145, previously found deficient by the committee during quadrennial review and amended by the Administrative Regulation Review Subcommittee to correct statutory citations, now complies with the provisions of KRS Chapter 13A.

At its second meeting, on October 27, 1994, the committee heard testimony from the Executive Branch and its consultant regarding first quarter revenue receipts and revenue expectations for the next three quarters. First quarter revenue receipts for FY 1995 grew by 22.9 percent over FY 1994, due to differences in individual income tax refunds, the timing of property tax receipts, and regular lottery collections. Projected revenue for the next three quarters may be as much as \$63.1 million more than previously projected if the growth rate continues at 7.1 percent as it has in the first quarter. However, the consultant urged that these projections be

viewed with a degree of caution since they were being made on the basis of one quarter of actual receipts. Projected road fund collections for FY 1995 are anticipated at \$28.1 million more than previously projected.

The committee heard from the Education, Arts and Humanities Cabinet on the status of a task force created to study whether various programs throughout state government can be consolidated to benefit programs relating to the deaf and hard-of-hearing. The task force intends to provide a quality report with recommendations that will address issues confronting the deaf and hard-of-hearing in Kentucky.

The committee also heard from the Attorney General's office regarding provisions in the budget bill relating to the lapse of General Fund moneys for the Victim's Defense Fund for Child Sexual Abuse. The Attorney General's Office is proposing to expend the carry-forward funds to establish a variety of victim advocate services, primarily directed to victims of child sexual abuse offenses in each Area Development District throughout the state.

Among the issues to be considered by the Interim Joint Committee on Appropriations and Revenue during the remainder of the interim are reform of Kentucky's tax system, income taxation of private and federal pensioners, and a property tax consultant study. The committee will continue to monitor revenue receipts and implementation of the budget provisions.

SUBCOMMITTEE ACTIVITY

Education; General Government, Finance and Public Protection; Human Resources; Justice, Corrections, and Judiciary

The Budget Review Subcommittees on Education; General Government, Finance and Public Protection; Human Resources; and Justice, Corrections, and Judiciary have not met during the 1994-95 Interim. The remainder of the interim will be used to review revisions to the enacted 1994-96 Budget, and monitor the budgetary operations and programs of state government, as well as analyze agency budget needs for the 1996-98 biennium.

Economic Development, Natural Resources, & Tourism

The Budget Review Subcommittee on Economic Development, Natural Resources, and Tourism has met one time and discussed the program and financial status of the Petroleum Storage Tank Environmental Assurance Fund Commission and budget policy provisions impacting the Tourism Cabinet. The Subcommittee reviewed interim agency reports from the

Economic Development and Natural Resources and Environmental Protection Cabinets and interim appropriations actions.

Transportation

The Budget Review Subcommittee on Transportation has met one time and discussed the implementation of the FY 1994-95 Road Fund Surplus Expenditure Plan and reviewed budget policy provisions enacted in the State/Executive Budget Bill (HB 2) and interim appropriations actions.

**REPORT OF THE 1994
INTERIM JOINT COMMITTEE ON BANKING AND INSURANCE**

**Representative Billy Ray Smith, Co-Chair
Senator Tim Shaughnessy, Co-Chair**

Representative Jon Ackerson
Representative Ray Altman
Representative Eddie Ballard
Senator Walter Blevins
Senator Charles Borders
Representative James Bruce
Senator Tom Buford
Senator Lindy Casebier
Representative Stan Cave
Representative Herbie Deskins
Representative Mark Farrow
Senator Jeffrey Green
Representative Elbert Hampton

Representative Porter Hatcher
Representative Louis Johnson
Representative Richard Lewis
Representative Ramsey Morris, Jr.
Representative Stephen Nunn
Representative Frank Rasche
Representative Dorsey Ridley
Representative Steven Riggs
Senator John Rogers
Senator Larry Saunders
Representative Rex Smith
Senator Thomas Smith, Jr.
Representative Dave Stengel
Representative Mark Treesh

LRC Staff: Greg Freedman, Judy Fritz, Jamie Griffin

**PRESENTED TO THE
LEGISLATIVE RESEARCH COMMISSION
AND THE 1995 ORGANIZATIONAL SESSION OF THE
KENTUCKY GENERAL ASSEMBLY**

INTERIM JOINT COMMITTEE ON BANKING AND INSURANCE

COMMITTEE JURISDICTION: matters pertaining to banking, banks and trust companies; petty loan companies; building and loan associations; credit unions; investment companies; industrial loan corporations; securities; the blue sky law; mortgage guaranty insurance; assessment and cooperative insurance, fraternal benefit societies; hospital services corporations; burial associations; medical and dental service corporations; life, accident, indemnity and other forms of insurance; stock and mutual insurance companies; banking and insurance aspects of the uniform commercial code; interest and usury; pawnbrokers; private credit; consumer credit; sale of checks; installment sales contracts; legal investments; principal and income.

SUBCOMMITTEE ORGANIZATION AND MEMBERSHIP SUBCOMMITTEE ON INSURANCE

Representative Porter Hatcher, Chair

| | |
|------------------------------|------------------------------|
| Representative Jon Ackerson | Senator Jeff Green |
| Representative Ray Altman | Representative Ramsey Morris |
| Representative Eddie Ballard | Representative Steve Nunn |
| Senator Tom Buford | Representative Dorsey Ridley |
| Representative Stan Cave | Representative Steven Riggs |
| Representative Mark Farrow | Senator Larry Saunders |

SUBCOMMITTEE ON BANKING

Senator Larry Saunders, Chair

| | |
|-------------------------------|------------------------------|
| Representative Walter Blevins | Representative Richard Lewis |
| Senator Charles Borders | Representative Frank Rasche |
| Representative James Bruce | Representative Rex Smith |
| Senator Lindy Casebier | Senator Thomas Smith, Jr. |
| Representative Herbie Deskins | Representative David Stengel |
| Representative Elbert Hampton | Representative Mark Treesh |
| Representative Louis Johnson | |

Ex-Officio Members of All Subcommittees
Senator Tim Shaughnessy
Representative Billy Ray Smith

COMMITTEE ACTIVITY

The Interim Joint Committee on Banking and Insurance has held one meeting during the 1994-95 Interim and will hold its second meeting in November. The Committee's two subcommittees, the Subcommittee on Financial Institutions and the Subcommittee on Insurance, have not met.

At its September 12 meeting the Committee discussed federal interstate banking legislation with Counsel to U. S. Senator Wendell Ford, the Commissioner of the Department of Financial Institutions, and with representatives of the Kentucky Bankers Association.

The Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 will require the Kentucky General Assembly to make several decisions during the 1996 Regular Session. The federal Act allows for bank holding companies to acquire banks in any state one year after enactment. Beginning on June 1, 1997, bank holding companies may consolidate two or more subsidiary banks into a single bank with out-of-state branches, unless a state has opted out of interstate branching prior to that date. Also, beginning on June 1, 1997, a bank may engage in a merger transaction with an out-of-state bank and convert any offices into branches of the resulting bank, unless a state has opted out of interstate branching. If the Kentucky General Assembly takes no action on these matters, interstate branching will be allowed in Kentucky. If Kentucky elects to opt out, no out-of-state bank will be allowed to acquire or merge with Kentucky banks and create interstate branches. There is a sanction for states that opt out, in that banks in that state will be prohibited from having interstate branches. Another issue facing the General Assembly due to the federal Act is de novo interstate branching. The Act provides that national and state banks are prohibited from directly acquiring an existing branch, or establishing a de novo branch, in a host state unless the law of the host state permits it. Thus, if the General Assembly takes no action, Kentucky will have nationwide interstate branching in one year, branching by acquisition or merger beginning on June 1, 1997, and no direct branching de novo.

The Committee is scheduled to hold its second meeting of the Interim on November 22, 1994. The Committee will discuss the implementation of 1994 HB 250, relating to health care reform with representatives of the Kentucky Health Policy Board, the Department of Insurance, and health insurers.

**REPORT OF THE 1994
INTERIM JOINT COMMITTEE ON
BUSINESS ORGANIZATIONS AND PROFESSIONS**

**Senator Jeff Green, Co-Chair
Representative Denver Butler, Co-Chair**

| | |
|------------------------|--------------------------|
| Rep. Jon Ackerson | Rep. Stephen C. Keith |
| Rep. Woody Allen | Rep. Bill Lear |
| Sen. David Boswell | Rep. Bill Lile |
| Sen. Fred Bradley | Sen. Kim Nelson |
| Sen. Tom Buford | Sen. Kim Nelson |
| Rep. Thomas J. Burch | Sen. Tim Philpot |
| Rep. Jim Callahan | Rep. Jon David Reinhardt |
| Sen. Lindy Casebier | Rep. Donna Shacklette |
| Rep. Larry Clark | Rep. Arnold Simpson |
| Rep. Robert Damron | Rep. Charlie Walton |
| Rep. Leonard Gray | Sen. Gex Williams |
| Rep. E. Porter Hatcher | |

LRC Staff: Michael Greer, Michael Meeks, Vida Murray, Yair Riback, and Wilda Bond

**PRESENTED TO THE
LEGISLATIVE RESEARCH COMMISSION
AND THE 1995 ORGANIZATIONAL SESSION OF THE
KENTUCKY GENERAL ASSEMBLY**

**INTERIM JOINT COMMITTEE ON
BUSINESS ORGANIZATIONS AND PROFESSIONS**

COMMITTEE JURISDICTION: matters pertaining to professional licensing not assigned specifically to another committee; racing; prizefighting and wrestling; places of entertainment; laundry and dry cleaning; alcoholic beverage control; private corporations; cooperative corporations and marketing associations; religious, charitable, and educational societies; non-profit corporations; professional service corporations; cemeteries; barbers and cosmetologists; professional engineers and land surveyors; architects; real estate brokers and salesmen; public accountants; watchmakers; detection of deception examiners; auctioneers; business schools; warehouses and warehousemen; partnerships; and trade practices.

**SUBCOMMITTEE ORGANIZATION AND MEMBERSHIP
SUBCOMMITTEE ON BUSINESS REGULATION**

Representative Porter Hatcher, Jr., Chair

| | |
|-------------------------|--------------------------|
| Rep. Woody Allen | Rep. Stephen Keith |
| Sen. David Boswell | Rep. Bill Lile |
| Rep. Thomas J. Burch | Sen. Kim Nelson |
| Rep. Jim Callahan | Rep. Ruth Ann Palumbo |
| Rep. Larry Clark | Rep. Jon David Reinhardt |
| Rep. Robert Damron | Rep. Donna Schacklette |
| Rep. Leonard Gray | Rep. Arnold Simpson |
| Sen. Gex (Jay) Williams | |

SUBCOMMITTEE ON OCCUPATIONS AND PROFESSIONS

Senator Fred Bradley, Chair

| | |
|---------------------|--------------------------|
| Rep. Jon Ackerson | Rep. Porter Hatcher, Jr. |
| Rep. Woody Allen | Rep. Bill Lear |
| Sen. Tom Buford | Rep. Ruth Ann Palumbo |
| Rep. Jim Callahan | Sen. Timothy Philpot |
| Rep. Larry Clark | Rep. Jon David Reinhardt |
| Rep. Robert Damron | Rep. Arnold Simpson |
| Rep. Leonard Gray | |
| Rep. Charlie Walton | |

**Senator Jeff Green, Ex-Officio
Representative Denver Butler**

COMMITTEE ACTIVITY

The Interim Joint Committee on Business Organizations and Professions held an organizational meeting on September 9, 1994. The primary purpose of the meeting was to discuss potential issues for study during the interim. Committee members had in their folders a staff memorandum which summarized a number of potential issues organized by the major jurisdictional categories; horse racing, other gaming, occupations and professions, business regulation, and alcoholic beverage control.

The Committee received a briefing by Justice Cabinet staff concerning HB 206, passed by the 1994 General Assembly to regulate the conduct of charitable gaming. The Acting Secretary for the Justice Cabinet and the newly appointed Director of the Division of Charitable Gaming reported on their efforts to hire necessary staff and establish a licensing process. Committee members expressed an interest in very closely monitoring the implementation of this legislation and the Justice Cabinet was asked to periodically report on its progress.

A specific problem which the Committee wishes to address is the slow rate with which information concerning HB 206 is reaching organizations affected by the legislation throughout the state. To address this problem, the Committee, in cooperation with the Justice Cabinet, will conduct a teleconference on December 13, 1994, which will involve five teleconference sites around the state: Ashland, Hazard, Bowling Green, Murray, and Louisville. Information concerning provisions of the new law will be presented, after which persons at the teleconference sites will have an opportunity to ask questions. LRC is producing a video for the teleconference which will summarize regulatory requirements contained in the law and will address frequently asked questions. The video will also be made available to television stations and cable systems for ongoing public service use.

The Committee had hoped to include a site in Northern Kentucky for the teleconference but a site in that area is not yet on-line. The committee will instead hold a future meeting in Northern Kentucky to provide that area with the same information and opportunity to ask questions.

The following were also included on the list of potential issues prepared for the Committee:

- Monitoring Wholecard Simulcasting
- Equine Drug Testing
- Pari-mutuel Taxes
- Track Safety
- Monitoring of Casino Gaming Legislation in other States
- Certification of Sky Divers and Instructors

- Licensure of Manicure Salons
- Regulation of Tattoo and Permanent Makeup Artists
- Licensure of Professional Counselors
- Licensure of Private Security Services
- Licensing and Regulation of Professional Engineers and Land Surveyors
- Need for Regulation of Home Inspectors
- Oversight of Telephone and Charitable Solicitation Laws
- Used Car Sales and Repairs
- Going-Out-of-Business-Sales
- Regulation of Transient Merchants
- Sale of Alcoholic Beverages at Events Attended by Children
- Withdrawal of Brand Distribution Rights

The Interim Joint Committee on Business Organizations and Professions has two subcommittees, the Subcommittee on Occupations and Professions, and the Subcommittee on Business Regulation. They have not yet begun to meet. As the interim progresses, issues will be assigned to these subcommittees based on jurisdiction and work-load.

**REPORT OF THE 1994
INTERIM JOINT COMMITTEE ON
CITIES AND LOCAL GOVERNMENT**

**Senator Robert Leeper, Co-Chair
Representative Arnold Simpson, Co-Chair**

Rep. Jim Callahan
Rep. Bob DeWeese
Sen. Jeff Green
Rep. Louis Johnson
Sen. Dan Kelly
Rep. Jim LeMaster
Sen. Joe Meyer

Rep. Clarence Noland
Sen. John David Preston
Sen. Rick Rand
Sen. Dick Roeding
Rep. Charlie Walton
Rep. Jim Wayne
Sen. David Williams

LRC STAFF: Jamie Jo Franklin, H. John Schaaf, Donna G. Weaver and Cheryl J. Walters

**PRESENTED TO THE
LEGISLATIVE RESEARCH COMMISSION
AND THE 1995 ORGANIZATIONAL SESSION OF THE
KENTUCKY GENERAL ASSEMBLY**

INTERIM JOINT COMMITTEE ON CITIES AND LOCAL GOVERNMENT

COMMITTEE JURISDICTION: matters pertaining to the officers, organization, government and financing of city government; special purpose assessment and taxing districts within a city; incorporation and classification of cities; city revenue bond projects; the imposition of duties and costs on cities; city taxes and licenses; city indebtedness; compensation of city officers; metropolitan sewer districts; interlocal government cooperation; housing projects; urban renewal and redevelopment; city streets and sidewalks; sewers; annexation of territory; consolidation of local government services; forms of city government; city civil service; city finances and revenue; public works; police and fire departments and their retirement systems; municipal utilities and waterworks; parks and playgrounds; planning and zoning; acquisition of waterworks and water districts by cities; financing of municipal improvements; urban service districts; police courts and city attorneys; city libraries.

COMMITTEE ACTIVITY

The Interim Joint Committee on Cities and Local Government has not yet met during this interim period. Because of the placement of an omnibus local government constitutional amendment on the fall election ballot, it was the position of members that it would be appropriate for the committee to begin its activities after the election, in order to base its planning on operative law.

Upon initiation of interim activities, the following topics and issues will be discussed and reviewed:

State Housing Policy - Over the last two interim periods, the Cities and Local Government Committee has done extensive research and proposed several pieces of legislation on the need for a state housing policy and the provision of affordable housing opportunities across the Commonwealth. It was found during this research and in interviews with housing providers and recipients that one of the greatest barriers to providing effective housing programs was the lack of a state housing policy which outlines the goals and offers a vision of what the state's housing commitment should be.

While a few pieces of legislation addressing state housing needs and programs have been enacted during the last two legislative sessions, a comprehensive state housing policy has yet to be enacted. Some people feel that without such a policy, housing issues will continue to be dealt with in a hodgepodge fashion by each individual community or regional housing agency, with little to no coordination of effort or direction from state government.

It is for these reasons that the development of a state housing policy most likely will again be considered.

Local Government Ethics - The 1994 General Assembly enacted HB 238 - An Act relating to the establishment of a code of ethics in cities and counties. This bill requires all cities, counties, and urban-counties to adopt by local ordinance a code of ethics for all specified elected and appointed officials. The codes for all local governments are to be in place by January 1, 1995; any local governments not complying shall have all state services and the payment of state moneys suspended until a local code of ethics is adopted. Because of the state-wide public interest which has been generated, many committee members are interested in reviewing the final local products which have resulted from this legislation, which demanded the majority of the committee's attention during the last interim. Also, the members are interested in hearing from local officials, to determine whether further legislative action is necessary in this area at this time.

**REPORT OF THE 1994
INTERIM JOINT COMMITTEE ON
COUNTIES, SPECIAL DISTRICTS AND LOCAL GOVERNMENT**

**Senator Robert Leeper, Co-Chair
Representative Adrian Arnold, Co-Chair**

| | |
|----------------------|----------------------|
| Rep. Royce Adams | Rep. Hank Hancock |
| Rep. Ray Altman | Sen. Daniel Kelly |
| Rep. Russell Bentley | Rep. June Lyne |
| Rep. Kaye Bondurant | Rep. Sam McElroy |
| Rep. Jeffrey Buis | Sen. Joe Meyer |
| Rep. Mark Farrow | Sen. John Preston |
| Rep. Danny Ford | Sen. Rick Rand |
| Rep. Kenny French | Rep. Steven Riggs |
| Rep. Donnie Gedling | Sen. Richard Roeding |
| Rep. Walter Gee | Rep. William Scott |
| Sen. Jeffrey Green | Rep. Mark Treesh |
| Rep. Drew Graham | Sen. David Williams |
| Rep. Elbert Hampton | |

LRC STAFF: Bill Van Arsdall and Jayne Rogers.

**PRESENTED TO THE
LEGISLATIVE RESEARCH COMMISSION
AND THE 1995 ORGANIZATIONAL SESSION OF THE
KENTUCKY GENERAL ASSEMBLY**

INTERIM JOINT COMMITTEE ON COUNTIES, SPECIAL DISTRICTS, AND LOCAL GOVERNMENT

COMMITTEE JURISDICTION: matters pertaining to the officers, organization, government and financing of county governments; county imposed taxes and licenses; county and special district debt; the imposition of duties and costs on counties; special districts not assigned to another committee; the powers, duties and composition of fiscal court; compensation of county officers and employees; the offices of county judge/executive, magistrates, county attorney, sheriff, constable, county police, jailer, coroner, surveyor, county clerk; county employees' civil service and retirement; planning and zoning; interlocal cooperation and consolidation of services; county roads; public road districts; water districts; fire protection districts; issuance of bonds for county and special district projects; metropolitan sewer and sanitation districts; local air pollution control districts; county and county law libraries; library districts.

COMMITTEE ACTIVITY

The Interim Joint Committee on Counties, Special Districts, and Local Government scheduled its first meeting for November 10, 1994.

The agenda of that meeting will include a review of 1994 legislation and a discussion of the funding of jails. Representatives of the Kentucky Judge/Executives' Association and the Kentucky Jailers' Association have been invited to speak. Members were asked to suggest topics for consideration during the interim.

The Committee intends to discuss several issues. State and federal laws have changed the operating standards for jails, and counties are adapting to these changes with various levels of success. The Committee will examine the condition of jails and the adequacy of their funding. The Committee will also consider the financial condition of other county offices, including that of sheriff. Some sheriffs, particularly those in small counties, report difficulty in meeting their budgets. Another topic the Committee will consider is the local code of ethics. Each county is required to have adopted a code by January 1, 1995, and the Committee will monitor compliance and discuss the provisions of various codes.

**REPORT OF THE 1994
INTERIM JOINT COMMITTEE ON ECONOMIC DEVELOPMENT**

**Senator Susan D. Johns, Co-Chair
Representative Bill Lear, Co-Chair**

Rep. Kaye Bondurant
Sen. Charlie Borders
Sen. David Boswell
Sen. Fred Bradley
Rep. Jo Elizabeth Bryant
Rep. Jack Coleman
Rep. Jesse Crenshaw
Rep. Robert Damron
Rep. Donald Farley
Rep. Gross Lindsay
Rep. June Lyne
Rep. Jim Maggard
Rep. Allen Maricle
Rep. Mary Lou Marzian

Sen. Barry Metcalf
Sen. Michael R. Moloney
Sen. Virgil Moore
Rep. Lonnie Napier
Rep. Fred Nesler
Rep. Anne Northup
Rep. Tom Riner
Sen. Larry Saunders
Rep. William Scott
Rep. Donna Shacklette
Rep. John Will Stacy
Rep. Tommy Todd
Rep. Leslie Trapp
Rep. Charlie Walton

LRC Staff: Gordon Mullins, Mary Yaeger, John Buckner and Jessie Sue Simpson

**PRESENTED TO THE
LEGISLATIVE RESEARCH COMMISSION
AND THE 1995 ORGANIZATIONAL SESSION OF THE
KENTUCKY GENERAL ASSEMBLY**

INTERIM JOINT COMMITTEE ON ECONOMIC DEVELOPMENT

COMMITTEE JURISDICTION: matters pertaining to commerce, industry, economic and industrial development not specifically assigned to another committee; economic development planning, international trade and investment; investment companies and industrial loan corporations as they relate to economic and industrial development; recruitment of business and industry; small business matters relative to economic and industrial development; financing of business and industrial development; business regulatory matters, including the Uniform Commercial Code, relative to economic and industrial development; worker training; technology development and application; chambers of commerce; convention centers and publicly owned exhibition and parking facilities; arts and arts exhibition facilities; state, interstate, and national parks and historic sites; travel promotion and advertising.

COMMITTEE ACTIVITY

The Interim Joint Committee on Economic Development has held two meetings through October, 1994. No subcommittees have been created.

At the September meeting, the Committee met jointly with the Interim Joint Committee on Tourism Development for the purpose of reviewing proposals to expand the Commonwealth Convention Center in Louisville and to construct the Northern Kentucky Convention Center in Covington. Proponents present to discuss these projects were the Secretary of the Kentucky Tourism Cabinet, the President and Chief Executive Officer of the Louisville and Jefferson County Convention and Visitors Bureau, and the President of the Northern Kentucky Convention and Visitors Bureau. The committees also heard by teleconference from two nationally recognized experts on the financing and management of convention centers, as well as from the LRC Staff Economist and a noted economist from the University of Kentucky.

Proponents of the Commonwealth Convention Center project reported that the convention center is currently running at 80% of capacity. It was stated that without the proposed expansion Louisville and Jefferson County have lost and would continue to lose convention business, primarily because of the lack of adequate exhibition space, combined with the need for added amenities. They noted that competing convention cities have centers with exhibition space greater than that currently available at Commonwealth Convention Center, with its 100,000 square feet of exhibit space. Memphis, for instance, has 150,000 square feet of exhibit space at its center, Nashville has 175,000 square feet, Indianapolis has 302,000 square feet and Cincinnati has 162,000 square feet.

The President of the Louisville and Jefferson County Convention and Visitors Bureau said that each year more than \$200 million is spent by convention delegates in Louisville, and another \$150 million plus in future business is booked. He noted that without the proposed expansion Louisville would lose future conventions. It is estimated that the expansion would generate 12 to 15 additional conventions annually, which would generate an additional \$48.2 million dollars annually.

The President of the Northern Kentucky Convention and Visitors Bureau noted that the Northern Kentucky Convention Center would provide 75,000 square feet of exhibit space in a center with a total square footage of 196,300 square feet. He noted that the total construction cost of \$25 million would yield \$21,360,000 in direct spending per year, and that the new center would facilitate the construction of a new 350-room hotel directly across from the center. It was stated that this convention center would not be in competition with the Louisville facility since the Louisville, facility primarily focuses its services to national conventions, while the Northern Kentucky center will direct its services toward state and regional conventions.

Both national experts stated that they had reviewed the consultants' reports on the two proposed projects. One expert recommended that the Commonwealth Convention Center recognize the kind of market Louisville finds itself in and try to identify the most effective place and ways to meet market demand. The President of the Louisville and Jefferson County Convention and Visitors Bureau noted that Louisville enjoys a fine reputation in the national convention market, a market that will be lost without the proposed expansion.

During the Extraordinary Session of the Kentucky General Assembly on September 26, 1992, the Senate Committee on Economic Development and Tourism and the House Committee on Economic Development met separately, both recommending that the General Assembly's earlier decision not to fund these two proposed projects be reconsidered and that funding be provided by the General Assembly at a future session.

The second meeting of the Interim Joint Committee on Economic Development was held in October, 1994, at which time the committee heard from the Secretary of the Economic Development Cabinet, the Executive Administrator of the Economic Development Cabinet, and the State Director of the Kentucky Small Business Development Center, University of Kentucky.

The Secretary of the Cabinet for Economic Development gave an update on the strategic plan process for economic development which was mandated by House Bill 89 of the 1992 Regular Session of the Kentucky General Assembly. He noted the plan has 5 goals, 22 strategies to support those goals, and 76 tactics involved in implementing those strategies. Approximately 800 people throughout the Commonwealth are currently engaged in implementation of the 76 tactics. Furthermore, approximately 4000 citizens of the Commonwealth have thus far reviewed the plan through a series of meetings at which the plan was distributed and expanded.

The Executive Administrator of the Cabinet for Economic Development reported on the highlights of the plan as it relates to small business. He noted that a regulatory expediting center, mandated by House Bill 483, has been established, for the purpose of helping small and medium sized companies tackle the maze of permitting and regulatory requirements of state government. It was also noted that the Kentucky Technology Service, a combined effort of the Cabinet for Economic Development and the Kentucky Science and Technology Council, has been established to assist small and medium sized companies with technology needs, as well as to serve as a conduit between those companies and end producers of goods and services.

It was also reported that the Kentucky Innovation Fund, to help fund basic and applied research at state research centers, is underway. The fund's support comes through assessments imposed on financial incentives offered by state government to businesses expanding or locating in Kentucky. Finally, the Cabinet's Secretary noted that the Cabinet for Economic Development is working on establishing a new venture capital fund.

The State Director of the Kentucky Small Business Development Center noted that the SBDC operates through a network of 14 centers. She reported that last year the SBDC assisted over 2,500 Kentuckians with business consultative services, and over 4,700 attended workshops covering a variety of topics, including business planning, record keeping, market analysis, and strategic planning. The Kentucky Small Business Development Center is a partnership between higher education, state and federal government and the private sector. For every non-federal cash dollar secured by the SBDC, the U. S. Small Business Administration provides \$2 dollars, which amounts to about \$1.1 million annually for Kentucky.

Future meetings of the Committee will center on the following: the Kentucky Enterprise Zone program, programs of the Kentucky Bluegrass State Skills Corporation, implementation of the wood technologies programs established by House Bill 561 of the 1994 Regular Session of the General Assembly, implementation of the applied research and technology infrastructure program authorized in Senate Bill 277 of the 1994 Regular Session of the General Assembly, networking programs authorized in legislation passed by the 1994 Regular Session, and venture and seed capital funding proposals.

Another area of concern to many members of the Committee is the use of financial incentives to recruit new industries to Kentucky. Specifically, some members have expressed concern regarding the impact of corporate income tax credits on future state revenues. It has been suggested that this subject, if addressed by the Interim Joint Committee on Economic Development, be studied jointly with the Interim Joint Committee on Appropriations and Revenue. As of this date, a decision regarding disposition of this matter has not been made.

Finally, another area of concern which may be the subject of future meetings is worker training. Currently, this matter is under study by a non-legislative study group called the Investing

in People Work Group. Senate Concurrent Resolution 86 of the 1994 Regular Session directs that the Interim Joint Committee continue the work of this group. It is anticipated that this work initiative will be transferred to a subcommittee of the Interim Joint Committee on Economic Development within the next several months. As stated, the Work Group has been actively engaged in studying issues regarding worker training and retraining of the current work force. One notable outcome of this effort is legislative support for the school-to-work transition pilot project of the Cabinet for Workforce Development, which was recently funded by the federal government. The Kentucky project is recognized nationally as a model for addressing the growing demands for a well-trained, flexible workforce in the emerging global work place.

**REPORT OF THE 1994
INTERIM JOINT COMMITTEE ON EDUCATION**

**Senator Ed Ford, Co-Chair
Representative Freed Curd, Co-Chair**

| | |
|--------------------------|-------------------------|
| Sen. Benny Ray Bailey | Rep. Clayton Little |
| Sen. Walter Baker | Sen. Joe Meyer |
| Rep. Joe Barrows | Rep. Harry Moberly, Jr. |
| Rep. Russell Bentley | Sen. Gerald Neal |
| Sen. Charles Berger | Rep. Anne Northup |
| Rep. Jo Elizabeth Bryant | Rep. Kenny Rapier |
| Sen. Lindy Casebier | Rep. Frank Rasche |
| Rep. Jack Coleman | Rep. Jody Richards |
| Sen. Nick Kafoglis | Rep. Tom Riner |
| Sen. David Karem | Rep. Ernesto Scorsone |
| Rep. Stephen Keith | Sen. Tim Shaughnessy |
| Rep. Tom Kerr | Rep. Leslie Trapp |
| Rep. Richard Lewis | Sen. Gex Williams |
| Rep. Bill Lile | Rep. James Zimmerman |

LRC STAFF ASSIGNEES: Sandra Deaton, Ethel Alston, Bonnie Brinly, Donna Hall, Penny Robbins, and Pat McGuire-Cochrell.

**PRESENTED TO THE
LEGISLATIVE RESEARCH COMMISSION
AND THE 1995 ORGANIZATIONAL SESSION OF THE
KENTUCKY GENERAL ASSEMBLY**

INTERIM JOINT COMMITTEE ON EDUCATION

COMMITTEE JURISDICTION: matters pertaining to elementary, secondary and higher education; the State Board for Elementary and Secondary Education; the Department of Education; the powers and duties of local boards of education; conduct of schools; attendance; state support of education; the operation of school districts; teachers' qualifications and certification; curriculum; teachers' retirement; school employees; pupil transportation; school property and buildings; the Education and Humanities Cabinet; the Workforce Development Cabinet; state universities and colleges; community colleges; and independent universities and colleges.

SUBCOMMITTEE ORGANIZATION AND MEMBERSHIP

SUBCOMMITTEE ON GOVERNANCE AND FINANCE

Senator Joe Meyer, Co-Chair
Representative Joe Barrows, Co-Chair
Senator Walter Baker
Representative Russell Bentley
Representative Jack Coleman, Jr.
Representative Stephen Keith
Representative Clayton Little
Representative Jody Richards
Senator Gex Williams
Representative James Zimmerman

SUBCOMMITTEE ON POSTSECONDARY EDUCATION AND THE TEACHING PROFESSION

Senator Benny R. Bailey, Co-Chair
Representative Ernesto Scorsone, Co-Chair
Senator Charles Berger
Representative Jo Elizabeth Bryant
Representative Richard Lewis
Representative Kenny Rapier
Representative Frank Rasche
Representative Tom Riner
Representative Leslie Trapp

SUBCOMMITTEE ON STUDENTS AND CURRICULUM

Senator David Karem, Co-Chair
Representative Harry Moberly, Jr., Co-Chair
Senator Lindy Casebier
Senator Nick Kafoglis
Representative Tom Kerr
Representative Bill Lile
Senator Gerald Neal
Representative Anne Northup
Representative Leslie Trapp

EX-OFFICIO MEMBERS OF ALL SUBCOMMITTEES

Senator Ed Ford
Representative Freed Curd

COMMITTEE ACTIVITY

During the 1994-95 interim, the Interim Joint Committee on Education has met regularly to gather testimony and hear reports on issues within its jurisdiction. The Committee has held four regular meetings to receive reports from the subcommittees and hear testimony on the following topics: the Kentucky Instructional Results Information System (KIRIS), professional development of educators, the Elementary Schools Assistance Plan required by HJR 62, the assessment results from the 1993-94 school year, the implementation of the federal School-To-Work Opportunities Act of 1994, the implementation of HB 490, which requires girls' fast-pitch softball, and the evaluation of the family resource and youth services centers.

The Co-chairs of the Committee held two public hearings in the first and second congressional districts to hear testimony on public education. Forty-one people gave oral testimony and approximately 225 people completed the questionnaires that were distributed at the hearings. A report has been given to the committee members with a request that they review it as it relates to their subcommittee assignments.

Subcommittee on Governance and Finance

The Subcommittee on Governance and Finance established a priority for topics of discussion that included studies and reports assigned by the Interim Joint Committee on Education and by the 1994 General Assembly.

The initial meeting was dedicated to the discussion of the status of the professional compensation plan for educators. While the submission of the plan was expected during the 1992-94 biennium, the State Board for Elementary and Secondary Education could not reach a consensus. The Subcommittee heard testimony from representatives of the Department of Education, the Kentucky Education Association and the Kentucky Association of School Administrators that the adoption of professional standards for teacher preparation and certification, currently being developed, is imperative and should be the foundation for the compensation plan. Recognizing that KRS 157.390 envisions a "performance driven" compensation plan based on a combination of factors, such as education, experience, knowledge, rank and skill, these representatives also added that all stakeholders should be involved in developing a plan and that sufficient funding for professional and competitive salaries is needed. In view of the remaining unresolved questions, the Department of Education was asked to recommend action on finding solutions.

The Subcommittee will continue to monitor the Support Education Excellence in Kentucky (SEEK) funding program and its impact on achieving equity among the school districts,

specifically among the small school districts. In view of the staggering cost estimate of unmet need for school construction, an analysis of the local facility planning process pursuant to 1994 SJR 82, state funding programs, bonding capacities of the school districts, and other factors is planned.

The Kentucky Education Technology System (KETS) is a critical strand of education reform to which \$80 million has been appropriated. The Subcommittee plans to tour the state's pilot project in the Shelby County Schools to see how technology will advance learning and instruction in Kentucky classrooms and enhance the efficiency of the administrative operations in local school districts and the Department of Education.

As directed by 1994 SCR 84, the Subcommittee will also conduct a review of all statutes, administrative regulations, and the biennial budget relating to planning, reporting, and applications for funding required of local school districts and schools. The purpose of this review is to identify unnecessary requirements and ways to coordinate planning and reporting that assures accountability, provides necessary statewide data and minimizes paperwork. A final report will be submitted to the Interim Joint Committee on Education by April, 1995. Additionally, the Subcommittee will review during this interim a report by the Department of Education on the use of and support for a year-round school calendar in Kentucky, as directed by 1994 HJR 82.

Subcommittee on Postsecondary Education and the Teaching Profession

The Subcommittee on Postsecondary Education and the Teaching Profession has met three times. During the first meeting the members learned about Kentucky's involvement in the federal School-To-Work Opportunities Act of 1994, as well as the implementation of SB 195, the Workplace Essential Skills Program. The School-To-Work Opportunities Act of 1994 gives Kentucky the opportunity to create a coherent system of education and training to help students make a successful transition from school to the workforce. The new system will prepare the students for a more skilled, high wage career; increase future opportunities for students as they come through the educational system; create partnerships with business and industry in providing high quality work-based learning experiences for students; motivate students to stay in or return to school; and build on and advance programs such as Tech Prep, cooperative education, pre-apprenticeship, youth apprenticeship and career academies.

The 1994 General Assembly appropriated \$1.6 million for Fiscal Year 1996 to create the Workplace Essential Skills initiative, to move adult basic education into the workplace. The program differs from traditional adult education programs in that it will provide customized training at the business or industry setting, targeting basic skills that are utilized in a particular workplace. The Department of Adult Education will place eight Workplace Essential Skills

coordinators in strategic locations across the state to be responsible for the development and coordination of the programs. The Department will also provide four mobile classrooms to help companies that do not have classroom space for their employees.

The Subcommittee is monitoring the reformation of teacher education and certification processes. During the second meeting the Subcommittee heard from public school educators and college faculty who are developing certification standards for new teachers, experienced teachers, and new administrators. The standards describe what educators should be able to do in authentic situations and identify those behaviors and processes that are most critical to student learning or administering an educational setting. The standards will help the Education Professional Standards Board in the development of a performance-based system of teacher preparation and certification by developing and recommending standards and performance criteria for the certification of educators, by identifying essential outcomes for assessment tasks, and by providing a guide for Kentucky colleges and universities to use for restructuring teacher education programs.

The Subcommittee heard from representatives of the teacher education programs at the University of Louisville, Morehead State University, and Murray State University about the revisions being made in the teacher preparation programs. Though each program is designed differently, they all reported that they have responded to the requirements of the Kentucky Education Reform Act with enthusiasm as they see new opportunities for their graduates in the public schools. The newly developed standards for new teachers, experienced teachers, and administrators are impacting the programs. The assessment process to assure that certification candidates have met the standards is still being discussed. The career point at which the assessments should be conducted has not been decided. The assessment could be given during the senior year or as part of the teacher internship program.

The Subcommittee will continue to review issues on teacher preparation and professional development, as well as other issues related to the teaching profession and postsecondary education.

Subcommittee on Students and Curriculum

The Subcommittee on Students and Curriculum has met three times this interim. The topics considered include: school-based decision making (SBDM) in Kentucky's schools and the lack of progress implementing SBDM in Jefferson County; the Office of Education Accountability's survey of legislators on the statewide assessment; and implementation of family resource and youth services centers.

The Department of Education's Director of the Division of School-Based Decision Making stated that there are 769 schools with school councils, representing approximately sixty

percent of eligible schools. Efforts being made by the department to facilitate implementation include: development of a handbook that includes all material relating to SBDM; establishment of a trainers' network composed of 42 agencies and individuals that have trained over 3,000 people in the past year; and distribution of a newsletter every other month to school councils and superintendents.

Regarding 1994 Senate Bill 51, which requires minority representation on certain school councils, all schools have been notified of the requirements of the bill, and a program review that outlines all new SBDM legislation has been distributed to school superintendents and principals. In June, 1994, the department revised the SBDM training to ensure a stronger component related to minority recruitment and retention. The department is providing technical assistance in implementing SB 51, but there have been few requests.

The Director of the Office of Education Accountability and a representative of Horizon Research International presented the results of a survey of legislators concerning the Kentucky Instructional Results Information System. The telephone survey was conducted with Kentucky legislators between July 12 and July 23, with 102 of the 135 legislators responding. The survey revealed that the vast majority of legislators consider the goals of the Kentucky Education Reform Act to be important. Eleven percent felt the statewide assessment and accountability system is successful, and 59 percent rated it somewhat successful. Also, 85 percent of those surveyed thought it extremely or very important for students to acquire knowledge and be able to apply that knowledge in solving problems, and 69 percent strongly agree or agree that the assessment should be primarily performance-based. Seventy-two percent of the legislators surveyed felt that positive change is taking place in the classroom because of the assessment, particularly due to the writing and mathematics portfolios and performance events.

The Secretary for Human Resources presented an update on the Cabinet's staffing and administrative changes relating to the family resource and youth services centers program. The primary role of the Cabinet is to be supportive of the Task Force on Family Resource and Youth Services Centers. All program positions at the state level have been abolished, in order to create a more efficient administrative structure, designed to address the needs of centers at this stage of implementation. A team management approach will be used for administering the program. For administrative purposes, the Branch for Family Resource and Youth Services has been relocated to the Office of Policy and Budget. The Subcommittee also discussed the Kentucky Commission for Families and Children and expressed concern about the branch staff serving as staff to the commission.

The Chairman of the Interagency Task Force reported that there are 455 centers currently serving 752 schools, although 1,151 schools are eligible for services. By the end of the current biennium, there will be 530 centers serving 853 schools, with a budget of \$37,300,000.

The Subcommittee heard testimony from representatives of the Jefferson County Public Schools (JCPS), the Jefferson County Teachers Association (JCTA) and the President of the 15th District Congress of Parent and Teachers (PTA) concerning the slow implementation of school-based decision making. Only fourteen percent of the Region 3 (Jefferson County) schools have implemented school-based decision making (SBDM), while the remaining seven regions of the state range from fifty-eight to seventy-seven percent of the schools participating.

Participatory Management (PM) has been in effect in Jefferson County since the 1988-89 school year. It was expected that the State Board would approve PM as an alternative model, but it did not. Other issues of controversy arose relating to parent involvement, minority representation, and the employer/employee bargained agreement. In January, 1994, a memorandum of agreement was signed by the JCTA, JCPS, the PTA, Commissioner Boysen, and a representative of the State Board for Elementary and Secondary Education.

Responding to questions concerning JCTA's position on SBDM, the president quoted the organization's position, which is (1) that SBDM is bad public policy; (2) the bargained contract is legally binding and should in no way be circumvented by SBDM policies; (3) JCTA is neutral, neither in support nor opposition to SBDM; and (4) JCTA's policy is to give accurate information regarding the impact of becoming a SBDM school by following the state-approved model.

Some impediments to implementation include: the schools feel they already have empowerment and do not need SBDM, with its responsibilities and liabilities, and teacher concern over compromising the bargained agreement. According to JCTA, teachers want their bargained agreement to supersede the statutory authority granted the SBDM councils and they want the local board to have the ultimate liability and responsibility for enforcing policies. Concern was expressed by some members that JCTA's newsletter negatively portrays school-based decision making.

**REPORT OF THE 1994
INTERIM JOINT COMMITTEE ON
ELECTIONS AND CONSTITUTIONAL AMENDMENTS**

**Senator Walter Blevins, Jr., Co-Chair
Representative Paul Clark, Co-Chair**

Sen. Walter Baker
Rep. James Bruce
Rep. Larry Clark
Rep. Freed Curd
Rep. Bob DeWeese
Sen. Ed Ford
Sen. Kelsey Friend
Rep. Leonard Gray
Rep. Tom Jensen
Rep. Gross Clay Lindsay

Rep. Allen Maricle
Rep. Mary Lou Marzian
Sen. Joe Meyer
Sen. John David Preston
Sen. Rick Rand
Rep. Jody Richards
Sen. John "Eck" Rose
Sen. Albert Robinson
Rep. Arnold Simpson

LRC STAFF: Rob Williams and Jeanie Sutherland Smith.

**PRESENTED TO THE
LEGISLATIVE RESEARCH COMMISSION
AND THE 1995 ORGANIZATIONAL SESSION OF THE
KENTUCKY GENERAL ASSEMBLY**

INTERIM JOINT COMMITTEE ON ELECTIONS AND CONSTITUTIONAL AMENDMENTS

COMMITTEE JURISDICTION: matters pertaining to the proposing of constitutional amendments and the calling of a constitutional convention; ratification of amendments to the U. S. Constitution; the election of officers to state, local, and school board positions; election commissioners, officers, and precincts; qualification, registration, and purgation of voters; conduct of regular elections; primary elections; presidential and congressional elections; special elections to fill vacancies; contest of elections; corrupt practices and election financing; election offenses and prosecutions; voting machines; absent ballots.

COMMITTEE ACTIVITY

Through November, 1994, the Interim Joint Committee on Elections and Constitutional Amendments has not met nor organized any subcommittees. The Committee expects to begin meeting in December, 1994.

At its December meeting, the Committee intends to discuss a proposal for a constitutional amendment presented during the 1994 Regular Session that would replace the state road fund with a transportation fund, which would be used for the same purposes, except that twenty percent of the transportation funds appropriated in a biennium could be dedicated for providing state matching funds for projects authorized under the 1991 Federal Intermodal Surface Transportation Efficiency Act, any future federal transportation legislation, or for projects that: use new or future technologies in transportation, reduce air pollution or improve air quality, reduce energy consumption, promote mobility for elderly, disabled, or disadvantaged persons, or conserve, restore, enhance, or create wetlands. In addition, the Committee will also be briefed on vote fraud prevention efforts undertaken during the November election and will discuss the need for changing our statutes regarding voter assistance to conform with the provisions of the federal Voting Rights Act.

During the remainder of the interim, the Committee intends to address the implementation of the "Motor-Voter" registration program, the implementation of the public financing program for slates of candidates for Governor and Lieutenant Governor, steps which may be taken to increase voter turnout, the necessity of amending the statutes regarding filling vacancies in candidacies which occur in nonpartisan elections, standardizing filing deadlines for submitting local referenda questions to the voters, other vote fraud prevention measures, any refinements to the campaign finance law which may be necessary or desirable, and other constitutional amendments which might be proposed in 1996. In addition, the Committee expects to review

several administrative regulations which will be promulgated by the State Board of Elections and Registry of Election Finance to implement provisions of law enacted during the 1992 and 1994 Regular Sessions.

**REPORT OF THE 1994
SPECIAL SUBCOMMITTEE ON ENERGY**

Representative Rex Smith, Chair

Rep. Royce Adams
Rep. Woody Allen
Rep. Eddie Ballard
Sen. Charlie Borders
Sen. David Boswell
Rep. Mike Bowling
Rep. Ron Cyrus

Sen. Ed Ford
Rep. Drew Graham
Sen. Virgil Moore
Rep. Charles Nelson
Sen. Rick Rand
Rep. Richie Sanders
Rep. James Zimmerman

LRC STAFF: Linda Kubala, Mary Lynn Collins, John Buckner, and Terisa Roland

**PRESENTED TO THE
LEGISLATIVE RESEARCH COMMISSION
AND THE 1995 ORGANIZATIONAL SESSION OF THE
KENTUCKY GENERAL ASSEMBLY**

SPECIAL SUBCOMMITTEE ON ENERGY

JURISDICTION: matters pertaining to privately owned public utilities; rates, permits, certification of convenience and necessity; water district rates; utilities in cities; public utility cooperatives; oil and gas transmission companies; telephone companies and cooperatives; municipal utilities and water works; energy and fuel development, including synfuels; energy waste disposal; the Public Service Commission; solar and other renewable energy; hydroelectric and thermonuclear energy; and gasohol.

SUBCOMMITTEE ACTIVITY

Membership for the Special Subcommittee on Energy is drawn from the Senate Agriculture and Natural Resources Committee and the House Tourism and Energy Committee. The Subcommittee met three times this interim through October 1994.

The Subcommittee began its interim work by conducting a public hearing in July on the proposed plan for the 1995 Low-Income Home Energy Assistance Program (LIHEAP). LIHEAP is a federal block grant program, and is administered by the Department for Social Insurance. The Department for Social Insurance contracts with the Kentucky Association for Community Action to distribute benefits at the local level. In the plan originally submitted, the Department proposed to eliminate the subsidy component, which, in the past, was available to all low-income people to help pay their energy bills. Because of reduced funds, the Department proposed to restrict the program to those low-income people in a crisis--those without heat or about to be without heat. Representatives from five different organizations, including the Kentucky Association for Community Action, spoke against elimination of the subsidy component. The Cabinet agreed to review the proposal and came back to the Subcommittee in August with a revised plan that included both subsidy and crisis components. The Subcommittee approved the energy assistance plan and reported its findings to the Legislative Research Commission.

Also at the August meeting, officials from the Tennessee Valley Authority (TVA) briefed members about that agency's recent purchases of Colorado and Utah coal. The Vice-President of Fossil Fuels for TVA told the Subcommittee that TVA's basic strategy to comply with Phase I of the Clean Air Act Amendments of 1990, including the plan to install scrubbers at the Cumberland units, has not changed. He assured the Subcommittee that TVA's usage of Illinois Basin coal, which includes the Western Kentucky coal fields, would continue at near current levels and could increase as much as 10% by 1999. In addition, he said that TVA's use of low-sulfur Appalachian coal is expected to continue at current levels or rise slightly. In his closing remarks, the official

announced that TVA is considering installation of another scrubber at the Paradise plant near Paducah, Kentucky. This would assure TVA's continued use of local coal resources at that plant.

Finally, in October the Subcommittee considered the issue of alternative fuel vehicles-that is vehicles that run on compressed natural gas, propane, ethanol, methanol, biofuels, electricity, hydrogen, or coal-derived liquids. The Subcommittee heard from three speakers: the Secretary of the Transportation Cabinet; the Director of the Division of Energy, Department for Natural Resources; and the Clean Cities Coordinator for the Kentucky Clean Fuels Coalition.

In recent years, Congress has passed several significant pieces of legislation encouraging the use of alternative fuel vehicles. The most recent legislation, the Energy Policy Act of 1992, includes a mandate for state governments to begin purchase of alternative fuel vehicles for their own motor fleets that operate out of Metropolitan Statistical Areas. Since most of Kentucky's state motor fleet is in Frankfort and not in a Metropolitan Statistical Area, the mandate will not apply to most of the state's motor pool. The Director of the Energy Division told the Subcommittee that his agency was considering recommending two state actions:

- (1) That Kentucky apply the Energy Policy Act mandate for new government vehicles operating in Metropolitan Statistical Areas to all purchases of new state government vehicles; and
- (2) That a task force be established to address the federal legislation and to recommend policies on alternative fuel vehicles that will be most beneficial for the Commonwealth.

The coordinator for the Kentucky Clean Fuels Coalition discussed the benefits of increased use of alternative fuel vehicles in terms of local natural resources, jobs, and the environment. In his testimony, the Secretary for the Transportation Cabinet focused primarily on the potential loss of revenues to the Road Fund if the use of alternative fuels proliferates. He indicated that he would be working on some proposals to address the problem prior to the 1996 Regular Session and would keep the Subcommittee informed.

**REPORT OF THE 1994
INTERIM JOINT COMMITTEE ON HEALTH AND WELFARE**

**Senator Benny Ray Bailey, Co-Chair
Representative Tom Burch, Co-Chair**

Sen. Tom Buford
Sen. Henry Lackey
Sen. Joseph Pendleton
Sen. Gex Williams
Rep. Paul Clark
Rep. Robert Damron
Rep. Bob Heleringer
Rep. Paul Mason
Rep. Stephen Nunn
Rep. Tom Riner
Rep. Tommy Todd

Sen. Susan Johns
Sen. Gerald Neal
Sen. Richard Roeding
Rep. Stanton Cave
Rep. Jesse Crenshaw
Rep. Bob DeWeese
Rep. Mary Lou Marzian
Rep. Ramsey Morris
Rep. Ruth Ann Palumbo
Rep. Ernesto Scorsone

LRC STAFF: Dianna McClure, Bob Gray, Susan Warfield, Robert Jenkins, Julie Bassett and
Tonya Capito

**PRESENTED TO THE
LEGISLATIVE RESEARCH COMMISSION
AND THE 1995 ORGANIZATIONAL SESSION OF THE
KENTUCKY GENERAL ASSEMBLY**

INTERIM JOINT COMMITTEE ON HEALTH AND WELFARE

COMMITTEE JURISDICTION: matters pertaining to health and welfare in cities; fire prevention and protection; support of dependents; probation and parole; garbage and refuse disposal; public assistance; correctional penitentiaries; child welfare; adoptions; mothers' aid and assistance to children; children's homes; incompetents; poor persons and poorhouses; confederate pensions; aid to needy blind; commitment and care of children; mental health; health, medical and dental scholarships; local health units and officers; vital statistics; communicable diseases; tuberculosis hospitals; restaurants and trailer park regulations; sanitation plants; sanitation districts; frozen food locker plants; alcoholism; physicians, osteopaths and podiatrists, embalmers and funeral directors; clinical psychologists; optometrists, ophthalmic dispensers; physical therapists.

**SUBCOMMITTEE ORGANIZATION AND MEMBERSHIP
SUBCOMMITTEE ON CHILDREN'S HEALTH NEEDS**

**Representative Ruth Ann Palumbo, Chair
Representative Ramsey Morris, Vice Chair**

Sen. Gex Williams
Rep. Robert Damron
Rep. Tom Riner

Rep. Stanton Cave
Rep. Bob Heleringer

**Senator Benny Ray Bailey, Ex-Officio
Representative Tom Burch, Ex-Officio**

SUBCOMMITTEE ON FAMILIES AND CHILDREN

Representative Tom Burch, Chair

Sen. Joseph Pendleton
Rep. Bob DeWeese
Rep. Mary Lou Marzian
Rep. Stephen Nunn

Rep. Jesse Crenshaw
Rep. Bob Heleringer
Rep. Paul Mason
Rep. Tommy Todd

Senator Benny Ray Bailey, Ex-Officio

**SUBCOMMITTEE ON MONITORING THE
IMPLEMENTATION OF 94 HOUSE BILL 250**

Senator Benny Ray Bailey, Chair

Sen. Tom Buford
Rep. Paul Mason
Rep. Ernesto Scorsone

Sen. Gerald Neal
Rep. Stephen Nunn

Representative Tom Burch, Ex-Officio

SUBCOMMITTEE ON LEAD HAZARD REDUCTION

Senator Gerald Neal, Chair

Rep. Mary Lou Marzian

Rep. Stephen Nunn

**Senator Benny Ray Bailey, Ex-Officio
Representative Tom Burch, Ex-Officio**

COMMITTEE ACTIVITY

The Committee has held four meetings through the month of October, 1994. The Committee requested and was granted authorization by the Legislative Research Commission to create the following four subcommittees:

Children's Health Needs;

Families and Children;

Lead Hazard Reduction; and

Monitoring the Implementation of 94 HB 250, the Health Care Reform Act of 1994.

The Committee reviewed and considered sixty-nine administrative regulations.

The Committee reviewed and considered the following four Executive Orders:

Executive Order 94-443, creating within the Cabinet for Human Resources an Office of Personnel and Budget, and abolishing the Office of Policy and Budget and the Office of Personnel Management;

Executive Order 94-812, abolishing the Institute for Children and establishing in the Office of the Governor the Kentucky Commission for Families and Children;

Executive Order 94-1016, changing the name of the Cabinet for Human Resources, Division of Children's Residential Services, to the Division of Youth Services; and

Executive Order 94-1017, creating the Division of Staff Training in the Department for Social Services and removing the training function from the Divisions of Family Services and Children's Residential Services.

The Committee held legislative public hearings on the following five Cabinet for Human Resources-administered federal Block Grant Applications:

Child Care and Development;
Title XX Social Services Program;
Community Services;
Maternal and Child Health; and
Preventive Health and Health Services.

The Committee held a preliminary confirmation hearing prior to Senate consideration of the five Kentucky Health Policy Board appointees.

A final subject considered by the Committee through the month of October included implementation by the Cabinet for Human Resources of 94 HB 207, providing for transporting of an alleged mentally ill person to a hospital or psychiatric facility, in lieu of the jailing of the person, prior to an evaluation by a qualified mental health professional.

SUBCOMMITTEE ON CHILDREN'S HEALTH NEEDS

The Subcommittee on Children's Health Needs of the Interim Joint Committee on Health and Welfare has held three regular meetings through October 1994. Issues considered by the Subcommittee to date include:

1. An overview of the status of child health in Kentucky presented by the Acting Director of the Division of Maternal and Child Health in the Department for Health Services, and the Commissioner of the Department for Mental Health/Mental Retardation Services, CHR;
2. A review of the Kentucky Commission for Children with Special Health Care Needs (formerly the Commission for Handicapped Children); and
3. Testimony on the needs of parents of children with special health needs, presented by Parents and Partners for Children's Health Care.

SUBCOMMITTEE ON FAMILIES AND CHILDREN

The Subcommittee on Families and Children of the Interim Joint Committee on Health Welfare has held three meetings through October 1994. Issues considered by the Subcommittee included:

1. Concerns about personnel and organizational changes within the Family Resource and Youth Services Centers program, which is administered by the Cabinet for Human Resources;
2. Key Factors in the Implementation of 1994 legislation relating to child sexual abuse; and
3. Timelines for planning and implementing the Federal Preservation and Support Services Program Act.

SUBCOMMITTEE ON MONITORING THE IMPLEMENTATION OF 94 HOUSE BILL 250

The Subcommittee on Monitoring the Implementation of 94 House Bill 250, the Health Care Reform Act of 1994, held three meetings through the month of October. The Subcommittee accomplished the following:

1. Welcomed and were briefed by the five new members of the Kentucky Health Policy Board regarding plans and expected timetables for implementing the various health care reform provisions contained in HB 250;
2. Received an update from Department of Personnel staff on the implementation of the new group health insurance program for high risk and uninsurable persons, CommonHealth of Kentucky;
3. Received an overview from the Commission and staff of the Department of Insurance on the health insurance reforms contained in HB 250; and
4. Received an update from the Secretary for Human Resources on the plans for implementation of the Medicaid Discount Option Program, which was created by HB 250.

SUBCOMMITTEE ON LEAD HAZARD REDUCTION

The Subcommittee on Lead Hazard Reduction was created in response to the enactment of 94 SB 289, which directed the appropriate committee of the Legislative Research Commission

to study lead hazard reduction in the Commonwealth and the need for, and methods of, licensing and certifying lead hazard reduction personnel. The Subcommittee on Lead Hazard Reduction was appointed to further study the issue. The study report is to be presented no later than October 31, 1995.

The Subcommittee on Lead Hazard Reduction held one meeting through October 1994. A representative of the U.S. Environmental Protection Agency presented an overview of the proposed federal regulations governing the certification of lead hazard abatement professionals.

**REPORT OF THE 1994
INTERIM JOINT COMMITTEE ON JUDICIARY**

**Senator Kelsey Friend (Co-chair)
Representative Louis Johnson (Co-chair)**

Rep. Jon Ackerson
Rep. Charles Berger
Rep. Mike Bowling
Rep. Jeffrey Buis
Rep. Stan Cave
Rep. Jesse Crenshaw
Rep. Herbie Deskins
Rep. Danny Ford
Rep. Charles Geveden
Rep. Bob Heleringer
Sen. David Karem

Rep. Thomas Kerr
Sen. Henry Lackey
Rep. Richard Lewis
Rep. Gross Lindsay
Sen. Barry Metcalfe
Sen. Mike Moloney
Sen. Tim Philpot
Rep. Frank Rashe
Rep. Steven Riggs
Rep. Dave Stengel
Sen. David Williams

LRC STAFF: Susan Warfield, Scott Varland, and Mac Lewis

**PRESENTED TO THE
LEGISLATIVE RESEARCH COMMISSION
AND THE 1995 ORGANIZATIONAL SESSION OF THE
KENTUCKY GENERAL ASSEMBLY**

INTERIM JOINT COMMITTEE ON JUDICIARY

COMMITTEE JURISDICTION: matters pertaining to contracts; the Uniform Commercial Code; debtor-creditor relations; ownership and conveyance of property; private corporations and associations; competency proceedings; administration of trusts and estates of persons under disability; descent, wills and administration of decedent's estates; domestic relations; adoption; abortion; support of dependents; statutory actions and limitations; eminent domain; arbitration; summary proceedings; declaratory judgments; witnesses evidence; legal notices; construction of statutes; civil procedure; the Supreme Court, the Court of Appeals, Circuit Courts and District Courts; jurisdiction, rules, terms, judges, commissioners, selections, districts, qualifications, compensation and retirement; clerks of court; juries, attorneys; commissioners and receivers; court reporters; habeas corpus; crimes and punishments; controlled substances offenses; driving under the influence; criminal procedure; probation and parole; correctional penitentiaries and private prisons; civil rights; and juvenile matters.

COMMITTEE ACTIVITY

The Interim Joint Committee on Judiciary has held one meeting thus far during the 1994-95 interim. The purpose of the meeting was to interview persons nominated by the Governor to serve on the Parole Board.

The nominees were Ms. Lutitia Papiller of Louisville, a social worker and former Director of Compliance of the Human Rights Commission; Mr. A. Paul Reece, a former Louisville Police officer; Mr. Homer Shumate, a funeral director and deputy coroner from Bell County; and Mr. James Rankin, a former Corrections officer and Corrections supervisor from Paris, Ky.

The nominees were questioned by the members as to their qualifications and their views relative to probation and parole issues. Mr. Rankin was not interviewed due to illness. The nominee were subsequently confirmed by the Senate during the 1994 Second Extraordinary Session of the General Assembly.

**REPORT OF THE 1994
INTERIM JOINT COMMITTEE
ON LABOR AND INDUSTRY**

**Senator Tom Smith, Co-Chair
Representative Ron Cyrus, Co-Chair**

Sen. Kelsey Friend
Sen. David Karem
Sen. Henry Lackey
Sen. Tim Philpot
Sen. Albert Robinson
Sen. John Rogers
Sen. Tim Shaughnessy
Sen. David Williams
Rep. Rocky Adkins
Rep. Mark Brown
Rep. Jo Elizabeth Bryant

Rep. Denver Butler
Rep. Paul Clark
Rep. Hubert Collins
Rep. Donald Farley
Rep. Walter Gee
Rep. Tom Jensen
Rep. Clayton Little
Rep. Charles Nelson
Rep. Fred Nesler
Rep. Stephen Nunn
Rep. Mark Treesh
Rep. James Wayne

LRC STAFF: Linda Bussell, Vinson Straub, Biff Baker and Sandra Morris

**PRESENTED TO THE
LEGISLATIVE RESEARCH COMMISSION
AND THE 1995 ORGANIZATIONAL SESSION OF THE
KENTUCKY GENERAL ASSEMBLY**

**INTERIM JOINT COMMITTEE ON
LABOR AND INDUSTRY**

COMMITTEE JURISDICTION: matters pertaining to the work force and workplace not specifically assigned to another committee; labor unions; collective bargaining; liquefied petroleum gas and other flammable liquids; hotels; electricians; plumbers and plumbing; wages and hours; garnishments; safety and health of employees; child labor; employment agencies; apprenticeships; unemployment compensation; workers' compensation; consumer protection; industrial weights and measures.

**SUBCOMMITTEE ORGANIZATION
AND MEMBERSHIP**

**EMPLOYMENT STANDARDS
AND LABOR RELATIONS**

Rep. Rocky Adkins, Chair
Rep. Paul Clark
Rep. Hubert Collins
Sen. Kelsey Friend
Rep. Tom Jensen
Rep. Clayton Little
Rep. Fred Nesler
Rep. Stephen Nunn
Sen. Tim Philpot
Sen. Albert Robinson
Rep. James Wayne
Sen. David Williams

**JOB TRAINING, LICENSING,
AND APPRENTICESHIP**

Rep. Mark Brown, Chair
Sen. Henry Lackey
Rep. Jo Elizabeth Bryant
Rep. Denver Butler
Rep. Don Farley
Rep. Walter Gee
Rep. Preacher Nelson
Sen. John Rogers
Rep. Mark Treesh

EX-OFFICIO MEMBERS OF ALL SUBCOMMITTEES

**SEN. TOM SMITH
REP. RON CYRUS**

COMMITTEE ACTIVITY

The Interim Joint Committee on Labor and Industry has held five meetings thus far in the 1994-95 Interim. The Committee is divided into two subcommittees: the Subcommittee on Employment Standards and Labor Relations and the Subcommittee on Job Training, Licensing, and Apprenticeship. The subcommittees will begin holding meetings in December, 1994.

The Committee held its first meeting in May. At that meeting, the co-chairs of the Committee announced that the focus of the Committee throughout the 1994-95 Interim would be on monitoring and overseeing implementation of HB 928, the workers' compensation reform legislation enacted during the 1994 General Assembly. An overview of HB 928 and a status report on implementation were presented by officials from the Labor Cabinet and the chairman of the ad hoc committee that drafted the legislation. In addition, the chairman of the Workers' Compensation Nominating Commission, created in 1987 to nominate members of the Workers' Compensation Board, reported that HB 928 expanded the role of the nominating commission to include making nominations for the position of Commissioner of the Department of Workers' Claims and sixteen administrative law judge positions.

In July, the Committee heard a status report on the implementation of HB 544, enacted during the 1992 General Assembly. HB 544 related to workers' compensation deductible policies and required insurance carriers to offer deductible policies. A member of the Committee expressed concern that employers were not being made aware of the availability of deductible policies for workers' compensation. An attorney from the Department of Insurance informed the members that the legislation had been implemented but that the Department of Insurance had not marketed the availability of deductible workers' compensation insurance policies to the employer community.

The new Commissioner of the Department of Workers' Claims was introduced at the meeting in July. The commissioner reported that implementation of HB 928, to date, had resulted in a reorganization of the Department of Workers' Claims, creation of an ombudsman program, strengthened enforcement activities, revised medical fee schedules, and an expedited procedure.

There was a brief discussion of House Concurrent Resolution 60, enacted during the 1994 General Assembly, that was referred to the committee for completion. The resolution required a study of independent contractors and their compliance with statutory provisions relating to unemployment insurance, workers' compensation, and occupational safety and health. The members were informed that the study would be assigned to one of the subcommittees for completion.

In August, an actuarial cost analysis of HB 928 was presented by a workers' compensation actuary with the National Council on Compensation Insurance (NCCI), a national workers'

compensation ratemaking and statistical organization. The actuarial analysis projected annual cost savings of approximately \$80 million in the workers' compensation system as a result of HB 928. The Committee was informed, however, that a proposed workers' compensation rate increase of twenty percent had been received by the Department of Insurance.

The Committee also reviewed an executive order, 94-577, effective July 1, 1994, which created an Office of Training and Research within the Workplace Development Cabinet, and transferred the administrative staff of the Job Training Partnership Act (JTPA) from the Cabinet for Human Resources to the Workforce Development Cabinet.

The fourth meeting was held in September at Kentucky Dam Village in conjunction with the annual Labor-Management Conference. A report on Kentucky's Strategic Plan for Economic Development was presented by an official with the Economic Development Cabinet. In addition, members of the Health Policy Board, created pursuant to HB 250, the health care reform legislation enacted during the 1994 General Assembly, and the Commissioner of the Department of Workers' Claims, discussed the overlapping provisions of the health care reform legislation and the workers' compensation legislation.

The Committee met again in September to conduct a confirmation hearing for individuals appointed to serve as the Commissioner of the Department of Workers' Claims, chief administrative law judge, and a member of the Workers' Compensation Board.

In October, the Committee hosted a seminar in Lexington on workers' compensation, sponsored by the Legislative Research Commission. The focus of the seminar was on the impact and implementation of the workers' compensation reform legislation, HB 928.

The Committee will continue monitoring the implementation of the workers' compensation legislation during the remainder of the 1994-1995 Interim. At the direction of the Legislative Research Commission, the Committee will also review the bankruptcy of the Southeast Coal Company as it relates to workers' compensation.

**REPORT OF THE 1994
INTERIM JOINT COMMITTEE ON
STATE GOVERNMENT**

**Senator Joe Meyer, Co-Chair
Representative Ramsey Morris, Co-Chair**

Sen. Walter Baker
Rep. Eddie Ballard
Rep. Joe Barrows
Sen. Walter Blevins
Rep. Jim Bruce
Sen. Ed Ford
Sen. Kelsey Friend
Rep. Donnie Gedling
Rep. Charles Geveden
Rep. Ken Harper
Rep. Bill Lear
Rep. Jimmie Lee
Rep. Ray Mullinix

Rep. Lonnie Napier
Sen. John David Preston
Sen. Rick Rand
Rep. Kenny Rapier
Rep. Jon David Reinhardt
Rep. Jody Richards
Sen. Albert Robinson
Sen. John "Eck" Rose
Rep. John Will Stacy
Rep. Tommy Todd
Rep. Jim Wayne
Rep. Pete Worthington
Rep. James Zimmerman

LRC STAFF: Joyce Honaker, Joyce Crofts, Joy Blanton, Barri Christian, Bob Doris, Clint Newman, Stewart Willis, and Peggy Sciantarelli

**PRESENTED TO THE
LEGISLATIVE RESEARCH COMMISSION
AND THE 1995 ORGANIZATIONAL SESSION OF THE
KENTUCKY GENERAL ASSEMBLY**

INTERIM JOINT COMMITTEE ON STATE GOVERNMENT

JURISDICTION: Matters pertaining to the sovereignty and jurisdiction of the Commonwealth; the General Assembly, its committees, officers and service agencies; redistricting; the Governor; the Lieutenant Governor; intergovernmental cooperation; relations with the federal government; administrative organization; administrative regulations; statutory administrative agencies; Department of Law; Secretary of State; state personnel; state retirement systems; military affairs and civil defense; public property and public printing; public officers, their terms, appointment, fees, compensation, removal, oaths and bonds; public information; state and regional planning; the libraries; archives and records; public corporations; Commonwealth's attorneys; circuit clerks.

SUBCOMMITTEE ORGANIZATION AND MEMBERSHIP

GENERAL GOVERNMENT

Rep. Jim Bruce, Chair
Sen. Walter Blevins, Vice-Chair
Rep. Eddie Ballard
Sen. Ed Ford
Rep. Donnie Gedling
Rep. Charles Geveden
Rep. Ken Harper
Rep. Jimmie Lee
Rep. Ray Mullinix
Rep. Lonnie Napier

PERSONNEL

Senator Rick Rand, Chair
Rep. Joe Barrows, Vice-chair
Sen. Walter Baker
Sen. Kelsey Friend
Rep. Bill Lear
Rep. Jon David Reinhardt
Rep. Jody Richards
Sen. John "Eck" Rose
Rep. John Will Stacy
Rep. Tommy Todd
Rep. Jim Wayne
Rep. Pete Worthington
Rep. James Zimmerman

EX-OFFICIO MEMBERS OF ALL SUBCOMMITTEES

Sen. Joe Meyer
Rep. Ramsey Morris

COMMITTEE ACTIVITY

The Interim Joint Committee on State Government has held four meetings through October, 1994. Its subcommittees have not yet begun meeting.

The September meeting included a hearing on access to public services by persons with disabilities, held in conjunction with the first annual "Speak for Yourself" self-advocacy conference hosted by the Kentucky Disabilities Coalition, the Kentucky Department of Vocational Rehabilitation, and the Children and Adolescent Service System Program of the Department for Mental Health. Eight members of the disability community testified and numerous conference participants attended the hearing. At the Co-chair's direction, committee staff is in the process of following up on concerns expressed at the meeting. At the September meeting, the Committee also conducted a pre-confirmation hearing on three appointments to the Kentucky Registry of Election Finance.

The Committee has reviewed 25 administrative regulations relating to consumer protection, health insurance, personnel, purchasing, and the State Treasury. All of the regulations were approved; seven were amended by the Committee.

The first meeting of the interim was held during the June special session on the budget, in order to review the report of the Auditor of Public Accounts on Kentucky's privatization of minimum security correctional facilities and ICF/MR (Intermediate Care Facilities/Mental Retardation) institutions. The audit was conducted in response to a resolution adopted by the Committee in December, 1993, requesting the Auditor to evaluate the state's experience in contracting with private vendors for the operation or construction of minimum security prisons and the Outwood ICF/MR facility, and to compare the costs and quality of the care provided by a privately-operated facility with those of similar state-operated facilities.

The Committee also reviewed state audits of Gtech Gaming and Support Systems and Kentucky Retirement Systems' Investment Function, as well as executive reorganization orders relating to the Office of the State Auditor and the Department of Military Affairs. In addition, one meeting included a report by the Program Review and Investigations Committee staff regarding their evaluation of Kentucky's state parks system.

Among the topics that the committee will consider during the remainder of the interim are implementation of two 1994 laws, one establishing a uniform administrative hearing procedure for state agencies, and the other authorizing implementation of innovative pilot personnel programs. The administrative procedures law, 1994 HB 334, directs state agencies to draft, for interim committee consideration, conforming amendments to the specific statutes governing their hearings. Agencies may seek exemptions from the uniform hearing procedures, which become effective in July, 1996. The committee will consider the draft legislation and any requests for

exemption. 1994 SB 221 follows a recommendation of the Governor's Commission on Quality and Efficiency to temporarily suspend certain state personnel laws, to permit implementation of pilot programs that may improve state government's performance. Agencies conducting the pilot projects are to report to the LRC.

**REPORT OF THE 1994
INTERIM JOINT COMMITTEE ON TOURISM DEVELOPMENT**

**Senator Susan Johns, Co-Chair
Representative Rex Smith, Co-Chair**

Rep. Royce Adams
Rep. Woody Allen
Rep. Eddie Ballard
Rep. Kaye Bondurant
Sen. Charlie Borders
Sen. David Boswell
Rep. Mike Bowling
Sen. Fred Bradley
Sen. Tom Buford
Rep. Ron Cyrus
Rep. Richard Fox
Rep. Drew Graham

Rep. Elbert Hampton
Rep. Kenneth Harper
Rep. Allen Maricle
Sen. Barry Metcalf
Sen. Danny Meyer
Sen. Michael Moloney
Sen. Virgil Moore
Rep. Charles Nelson
Rep. Richie Sanders
Sen. Larry Saunder
Rep. Dave Stengel
Rep. Leslie Trapp
Rep. James Zimmerman

LRC STAFF: Linda Kubala, John Buckner, Mary Lynn Collins and Terisa Roland

**PRESENTED TO THE
LEGISLATIVE RESEARCH COMMISSION
AND THE 1995 ORGANIZATIONAL SESSION OF THE
KENTUCKY GENERAL ASSEMBLY**

INTERIM JOINT COMMITTEE ON TOURISM DEVELOPMENT

JURISDICTION: matters relating to tourism and travel promotion and development; state, interstate, and national parks and historic sites; fish and wildlife; small business matters relative to tourism development; hotels and motels generally; hotel and restaurant regulations; billboards; advertising related to tourism development; entertainment establishments; campgrounds; convention centers and publicly owned exhibition and parking facilities; arts and arts exhibition facilities; travel promotion; the Tourism Cabinet.

COMMITTEE ACTIVITY

The Interim Joint Committee on Tourism Development met once through October 1994. That meeting was held jointly with the Interim Joint Committee on Economic Development for the purpose of obtaining information about the proposed convention centers in Louisville and in Northern Kentucky. The joint committees discussed general aspects of investing in convention centers with two nationally-known experts in the field, one in Texas and the other in Arizona, via teleconferencing. Other participants included a representative of each of the projects, the Tourism Cabinet, and the LRC Economist. No action was taken at this meeting.

**REPORT OF THE 1994
INTERIM JOINT COMMITTEE ON
TRANSPORTATION**

**Sen. Kim L. Nelson, Co-Chair
Rep. N. Clayton Little, Co-Chair**

Sen. David Boswell
Sen. Nick Kafoglis
Sen. Barry Metcalf
Sen. Albert Robinson
Rep. Ray Altman
Rep. Denver Butler
Rep. Freed Curd
Rep. Rick Fox
Rep. Elbert Hampton
Rep. Stephen Keith
Rep. Jim Maggard
Rep. Ray Mullinix
Rep. Fred Nesler
Rep. Richard Sanders
Rep. Pete Worthington

Sen. Susan D. Johns
Sen. Robert J. Leeper
Sen. Virgil Moore
Sen. John "Eck" Rose
Rep. Michael Bowling
Rep. Hubert Collins
Rep. Ron Cyrus
Rep. Kenny French
Rep. Hank Hancock
Rep. Jimmy Lee
Rep. Paul Mason
Rep. Lonnie Napier
Rep. Dorsey Ridley
Rep. John Will Stacy

LRC STAFF: Kathy A. Campbell, Jeff Kell, and Adell Kemper

**PRESENTED TO THE
LEGISLATIVE RESEARCH COMMISSION
AND THE 1995 ORGANIZATIONAL SESSION OF THE
KENTUCKY GENERAL ASSEMBLY**

INTERIM JOINT COMMITTEE ON TRANSPORTATION

JURISDICTION: matters relating to airports and aviation; boats and boating; licensing of motor vehicles; operators and trailers; financial responsibility law; nonresident motorists; motor vehicle sales; railroad rates, service and operating regulations; motor carriers; matters pertaining to the construction and maintenance of the state highway system; the Department of Transportation; state aid for local roads and streets; the state police; the Federal Highway Safety law; turnpike authority; state and federal highways; limited access facilities; use of road bond monies; automobile recyclers; highway beautification; bridges, tunnels and ferries; traffic regulations; vehicle equipment and storage; driver training schools.

**SUBCOMMITTEE ORGANIZATION AND MEMBERSHIP
SUBCOMMITTEE ON ADMINISTRATIVE REGULATIONS**

Sen. Kim L. Nelson, Chair

Sen. David Boswell
Sen. John "Eck" Rose
Rep. Stephen Keith
Rep. Jim Maggard

Sen. Virgil Moore
Rep. Michael Bowling
Rep. N. Clayton Little
Rep. John Will Stacy

**SUBCOMMITTEE ON VEHICLE REGULATION AND
COMMERCIAL TRANSPORTATION**

Rep. Jimmie Lee, Chair

Sen. Susan Johns
Sen. Barry Metcalf
Rep. Hank Hancock
Rep. Fred Nesler
Rep. John Will Stacy

Sen. Robert Leeper
Rep. Ron Cyrus
Rep. Jim Maggard
Rep. Dorsey Ridley

**Rep. N. Clayton Little, Ex-Officio Member
Sen. Kim L. Nelson, Ex-Officio Member**

SUBCOMMITTEE ON HIGHWAYS AND TRAFFIC SAFETY

Sen. David Boswell, Chair

Sen. Nick Kafoglis
Sen. John "Eck" Rose
Rep. Michael Bowling
Rep. Freed Curd
Rep. Kenny French
Rep. Lonnie Napier

Sen. Albert Robinson
Rep. Ray Altman
Rep. Hubert Collins
Rep. Rick Fox
Rep. Stephen Keith
Rep. Pete Worthington

Rep. N. Clayton Little, Ex-Officio Member

Sen. Kim L. Nelson, Ex-Officio Member

**SUBCOMMITTEE ON OVERSIGHT
OF HIGHWAY CONSTRUCTION**

Rep. Hubert Collins, Chair

Sen. Robert Leeper
Sen. Kim L. Nelson
Rep. Ray Altman
Rep. Hank Hancock
Rep. N. Clayton Little
Rep. Fred Nesler
Rep. Pete Worthington

Sen. Virgil Moore
Sen. John "Eck" Rose
Rep. Denver Butler
Rep. Elbert Hampton
Rep. Ray Mullinix
Rep. Richard Sanders

COMMITTEE ACTIVITY

The Interim Joint Committee on Transportation has held eight meetings through November, 1994. Of the subcommittees, only the Subcommittee on Oversight of Highway Construction has met to date; however, the Subcommittee on Vehicle Regulation and Commercial Transportation is expected to begin meeting in December.

The Committee has reviewed and approved an audit of the Transportation Cabinet (FYE June 30, 1992) that was part of the Statewide Single Audit of the Commonwealth of Kentucky. The Committee also reviewed and approved Executive Order 94-663, which reorganized the Transportation Cabinet.

At the Committee's September meeting, the Commissioner of the State Police described his agency's implementation of House Bill 341, enacted by the 1994 General Assembly. House Bill 341 mandated the State Police to permit third party testing for the skills portion of a Commercial Driver's License. The State Police indicated that an emergency administrative regulation had been filed on September 1, 1994, to implement the requirements of House Bill 341.

At the Committee's October meeting, national and state representatives of the motor carrier industry discussed Kentucky's tax structure governing motor carriers. Industry representatives urged the Committee to find alternative revenue sources in order to repeal the weight distance tax.

The Committee's November meeting was held in Paducah, Kentucky, to visit highway construction projects that had been delayed or experienced cost overruns due to environmental concerns, especially wetlands. The Committee held a public hearing in Paducah at Heath High School. The Committee also toured the largest limestone quarry in the world, Reed Quarry, while in the Paducah area.

The Committee has reviewed and approved 68 highway project phases that have exceeded their Six-Year Plan estimate by fifteen percent or more. The 68 project phase overruns have totaled \$25,785,483 and are broken out as follows: 9 Design Phase Overruns, at \$687,495; 19 Right-of-Way Phase Overruns at \$3,343,500; 21 Utility Phase Overruns, at \$4,423,000; and 19 Construction Phase Overruns at \$17,331,488.

The Committee has reviewed nine administrative regulations relating to the Medical Review Board; the Certification of Disadvantaged, Minority, and Women Business Enterprise Program; Surrendering the title of a motor vehicle; Limited Commercial Driver's Licenses for farm-relating service industries; Logo Signs; Uniform Traffic Control Devices; Safety regulations for motor carriers; and the Procurement of Professional Engineer and Engineering Related Services. The Committee approved eight regulations but took no action on the Medical Review

Board regulation. The Administrative Regulation Review Subcommittee found the Medical Review Board regulation to be deficient.

After the 1995 Organizational Session, the Committee plans to conduct a teleconference with the Transportation Committee from a neighboring state. Other issues the Committee, or one of its subcommittees, will review include Kentucky's participation in the International Fuel Tax Agreement (IFTA); the financial impact to the highway construction program of individuals and local governments building structures on the right-of-way of a proposed highway project; and measures to reduce the number of special license plate statutes.

**REPORT OF THE 1994
ADMINISTRATIVE REGULATION REVIEW SUBCOMMITTEE**

Representative Thomas Kerr, Chair

Sen. Nick Kafoglis
Sen. John David Preston
Sen. Tom Smith
Rep. Woody Allen
Rep. James Bruce
Rep. Jimmy Lee

LRC STAFF: Patrice Carroll, Susan Eastman, Joseph Hood, Peggy Jones, Gregory Karambellas,
Tom Troth, Donna Valencia, and Susan Wunderlich

**PRESENTED TO THE
LEGISLATIVE RESEARCH COMMISSION
AND THE 1995 ORGANIZATIONAL SESSION OF THE
KENTUCKY GENERAL ASSEMBLY**

ADMINISTRATIVE REGULATION REVIEW SUBCOMMITTEE

SUBCOMMITTEE JURISDICTION: review and comment upon administrative regulations submitted to it by the Legislative Research Commission; make nonbinding determinations concerning the statutory authority to promulgate administrative regulations filed with the Legislative Research Commission; review existing administrative regulations; recommend the amendment, repeal or enactment of statutes relating to administrative regulations; conduct a continuous study of the administrative regulations procedure, and the needs of administrative bodies; study statutes relating to administrative hearings; and make legislative recommendations.

SUBCOMMITTEE ACTIVITY

KRS Chapter 13A established the Subcommittee as a permanent subcommittee of the Legislative Research Commission. The Subcommittee meets monthly and reviews approximately one hundred administrative regulations each month. In addition to the review of proposed administrative regulations, at each month's meeting the Subcommittee reviews issues relating to the intent and implementation of KRS Chapter 13A, issues raised concerning existing administrative regulations, and issues relating to the notice of intent procedure established by House Bill 322, enacted during the 1994 Regular Session of the General Assembly. Pursuant to KRS Chapter 13A, the Subcommittee assists administrative bodies in the drafting of administrative regulations. After an administrative regulation has been reviewed by the Subcommittee, it is assigned by the Legislative Research Commission for a second review by a legislative subcommittee with jurisdiction over the subject matter. Administrative regulations found deficient by the Subcommittee or another legislative subcommittee expire, unless their provisions are enacted, upon sine die adjournment of the next succeeding Regular Session of the General Assembly.

In August 1994 the Legislative Research Commission published the 1993 Administrative Regulations Service of Kentucky, which contains administrative regulations in effect as of August 4, 1994.

The Subcommittee is preparing a revised edition of Kentucky Administrative Regulations (Informational Bulletin 118), the manual for administrative regulatory procedure. Upon its completion, a continuing legal education class on administrative regulatory procedure will be offered by the Legislative Research Commission.

The Subcommittee prepared a supplement to Informational Bulletin 118, explaining the Notice of Intent and public hearing required prior to the promulgation of an administrative regulation by House Bill 322, enacted during the 1994 Regular Session of the General Assembly.

The Subcommittee is considering suggested amendments to KRS Chapter 13A relating to changes in terminology, procedure, review of administrative regulations by legislative subcommittees, and various issues raised by the enactment of House Bill 322.

The Subcommittee is considering recommendations for the revision of review forms used by LRC staff in its review of administrative regulations, and the development of computer programs to standardize forms relating to amendments and other material presented at Subcommittee meetings by administrative bodies, and to assist administrative bodies in the drafting of administrative regulations.

The Subcommittee continues to review the use of policies and procedures by a number of agencies, to insure that these agencies comply with statutory guidelines regarding administrative regulations.

**REPORT OF THE 1994
CAPITAL PLANNING ADVISORY BOARD**

**Representative Mike Bowling, Chair
Mr. Arthur Walson, Vice-Chair**

| | |
|-----------------------|--------------------------|
| Mr. Clark Beauchamp | Sen. Mike Moloney |
| Mr. Don Cetrulo | Sen. Virgil Moore |
| Ms. Susan S. Clary | Rep. Tommy Todd |
| Mr. William H. Hintze | Mr. Laurel True |
| Ms. Bonnie Howell | Judge Edwin White |
| Sec. Don C. Kelly | Judge Anthony M. Wilhoit |
| Ms. Mary Helen Miller | |

LRC STAFF: Ed Sergent, Pat Ingram, and Esther Robison.

**PRESENTED TO THE
LEGISLATIVE RESEARCH COMMISSION
AND THE 1995 ORGANIZATIONAL SESSION OF THE
KENTUCKY GENERAL ASSEMBLY**

CAPITAL PLANNING ADVISORY BOARD

BOARD JURISDICTION: The Capital Planning Advisory Board of the Kentucky General Assembly is composed of fifteen members, who represent all three branches of government. The Board is empowered to prepare a comprehensive six-year statewide capital improvements plan, and to make funding recommendations to each branch head as to spending for capital projects. The Board is required to meet at least twice in each calendar year.

BOARD ACTIVITY

The Board has met three times since November 1993. At its December 8, 1993 meeting, the Board heard a presentation by the Secretary of the Tourism Cabinet on the 71 projects proposed to be funded from the \$100 million parks revitalization bond issue authorized by the 1992 General Assembly.

At its July 19, 1994 meeting, the Board reviewed the status of recommendations included in its *1992-98 Statewide Capital Improvements Plan*, including legislation enacted by the 1994 General Assembly to implement various recommendations. The Board also established the parameters and criteria for the instructions to be followed by state agencies and universities in the development of their next six-year capital improvements plans.

At its October 4, 1994 meeting, the Board approved the instructions and forms for submission of the 1994-2000 agency capital plans. The format for the 1994-2000 plans requires status reports on currently authorized projects, as well as planning information on proposed capital construction projects, equipment purchases, and new or expanded leases of real property. Significant changes from the 1992-98 forms and instructions include:

- An increase in the threshold for capital construction projects and computer and telecommunications systems from \$200,000 to \$400,000, pursuant to HB 166 enacted by the 1994 General Assembly;
- Increased coordination between the capital planning and information resources planning (IRP) processes through the reporting of all capital items, including computer and telecommunications equipment, through the capital planning process;
- A revised form for reporting the status of currently authorized projects (more individual data elements, less narrative);
- A separate form for the reporting of new or expanded real property leases;
- The requirement that priority rankings be assigned by biennium, rather than across the four-year planning period;

- The requirement to identify whether a project has been submitted in a previous six-year plan and/or biennial budget request;
- The requirement that an Information Technology Assessment be provided for each planned capital construction project;
- The requirement that each project's location (county) be identified;
- A revised/condensed list of need addressed categories;
- An expanded list of space use categories; and,
- A procedure and deadline for submitting amendments (entire projects) to agency plans.

The October 4, 1994 meeting of the Board was held at the new Centralized Laboratory Facility in Frankfort. Following the meeting, the Board and members of the audience participated in tours conducted by directors of the various labs housed in the Facility.

**REPORT OF THE 1994
CAPITAL PROJECTS AND BOND OVERSIGHT COMMITTEE**

**Representative Mark S. Brown, Chair
Senator Jeff Green, Vice-Chair**

Sen. Charlie Borders
Sen. Bob Leeper
Rep. Jim Maggard

Rep. Tommy Todd
Rep. Jim Wayne

LRC STAFF: Ed Sergent, Pat Ingram, Scott Varland, and Esther Robison.

**PRESENTED TO THE
LEGISLATIVE RESEARCH COMMISSION
AND THE 1995 ORGANIZATIONAL SESSION OF THE
KENTUCKY GENERAL ASSEMBLY**

CAPITAL PROJECTS AND BOND OVERSIGHT COMMITTEE

COMMITTEE JURISDICTION: The Committee is a permanent subcommittee of the Legislative Research Commission, charged with overseeing: (1) the expenditure of funds budgeted for capital projects; (2) the allotment of funds from the emergency repair, maintenance and replacement account and the capital construction and equipment purchase contingency account; (3) the state's acquisition of capital assets, including the lease of real property; (4) the issuance of bonds by the Commonwealth, and the related individual projects; and, (5) the issuance of bonds by or on behalf of local school districts.

COMMITTEE ACTIVITY

The Committee has met 12 times since November of 1993. It has reviewed 42 projects, totaling approximately \$34,000,000, submitted by the Finance and Administration Cabinet, the University of Kentucky, and the University of Louisville. The Committee has reviewed 17 economic development projects, totaling \$15,103,000, including 3 economic development projects with line-item authorizations totaling \$10,000,000.

The Committee reviewed 29 Kentucky Infrastructure Authority (KIA) loans and grants to local government entities for public infrastructure projects, including:

1. Fund A (Federally Assisted Wastewater Revolving Loan Fund) - 18 loans, totaling \$48,341,052.
2. Fund B (Infrastructure Revolving Loan Fund, state-funded) - 3 loans, totaling \$10,350,372.
3. Fund B2 (Drinking Water Loan Fund, state-funded) - one \$450,000 loan.
4. Fund C (Government Agencies Program, user-supported) - 2 loans, totaling \$1,206,713.
5. Fund D (Farmers Home Administration Loan Supplement Program) - 4 interim loans, totaling \$3,686,000.
6. Fund E (Solid Waste Revolving Loan and Grant Fund, state-funded) - one \$723,650 loan.

In addition to the individual bond-funded projects, the Committee reviewed the following bond issues and financing agreements:

1. Four Kentucky Infrastructure Authority (KIA) bond issues, totaling \$76,635,440, to fund approved public infrastructure projects.
2. One composite bond issue, with gross proceeds of \$52,961,000, to fund authorized agency and economic development projects.
3. Ten bond issues, totaling \$148,236,152, to fund budgeted construction and renovation projects at the state universities.

4. Five bond issues and one commercial bank borrowing, totaling \$90,420,000, for the Kentucky Housing Corporation (KHC), to fund the purchase of low-income housing mortgages and to refund existing financings.
5. Two Kentucky Higher Education Student Loan Corporation (KHESLC) bond issues, totaling \$30,400,000, to refund existing financings, in order to extend their tax-exempt status.
6. Three Kentucky Economic Development Finance Authority (KEDFA) conduit bond issues, totaling \$148,780,303, to fund various projects and to refund existing bond issues.
7. One Kentucky River Authority bond issue, totaling \$2,350,000, to fund renovations on Kentucky River locks.
8. One Kentucky Local Correctional Facilities Construction Authority bond issue, totaling \$49,209,959, to refund existing bond issues.
9. One School Facilities Construction Commission (SFCC) bond issue, totaling \$5,665,000, to refinance existing issues.
10. Eighty-three local school district bond issues, totaling \$246,395,000, with state debt service participation through the School Facilities Construction Commission (SFCC).
11. Twenty-three local school district bond issues, totaling \$107,180,000, and a \$9,695,000 Kentucky Interlocal School Transportation Association (KISTA) issue - all with 100% locally-funded debt service.

The Committee reviewed a Kentucky Lottery Corporation (KLC) price contract for the acquisition of Pull-Tab Vending Equipment, and reviewed the KLC's proposed purchase of emergency back-up equipment for the Lottery's automated systems (\$230,732).

The Committee reviewed 22 state agency lease modifications, and 4 new leases with annual rentals exceeding \$200,000.

The Committee requested that the Attorney General and the Auditor of Public Accounts examine three State Fair Board projects - Maintenance Building, Access Road Completion (including the Horse Walk), and Exhibit Hall Expansion - to determine whether the \$15 million in project bonds was expended in accordance with its authorization.

The Committee held two meetings out of Frankfort: August 1994 at John James Audubon State Park at Henderson, and October 1994 in Covington.

**REPORT OF THE 1994
PERSONAL SERVICE CONTRACT REVIEW SUBCOMMITTEE**

Rep. Mark Farrow, Chair

Sen. Ed Ford
Sen. Barry Metcalf
Sen. Eck Rose

Rep. Jesse Crenshaw
Rep. Bob Heleringer
Rep. Donna Shacklett

LRC Staff: Allan Alsip, Bob Doris, Joe Hood and Ann Disney

**PRESENTED TO THE
LEGISLATIVE RESEARCH COMMISSION
AND THE 1995 ORGANIZATIONAL SESSION OF THE
KENTUCKY GENERAL ASSEMBLY**

PERSONAL SERVICE CONTRACT REVIEW SUBCOMMITTEE

SUBCOMMITTEE JURISDICTION: The review of personal service contracts awarded by state agencies to determine whether the service is needed, whether the service could or should be performed by state personnel, and whether the cost and duration are excessive.

The Legislative Research Commission's Personal Service Contract Review Subcommittee has been in existence since July 1978. The General Assembly strengthened the Subcommittee's legislation in 1980 and again in 1982. Under present statutes (KRS 45.700 through 45.720), agencies of state government may not authorize work to begin on a personal service contract until it is filed with LRC and may not make payment on a contract until it is approved by the Subcommittee. Exceptions to the review process are: 1) Agreements between the Department of Parks and a performing artist or artists for less than five thousand dollars (\$5,000) per fiscal year per artist or artists; 2) Agreements with public utilities, foster care parents, Medicaid providers, individuals performing homemaker services, and transit authorities; 3) Agreements between a state agency and a state college or university, an area development district, a community action agency, a mental health/mental retardation board, another state agency, or a political subdivision; 4) Agreements between state universities and employers of students in the Commonwealth Work Study Program sponsored by the Kentucky Higher Education Assistance Authority; 5) Agreements between a state agency and rural concentrated employment programs; and 6) Agreements between the State Fair Board and judges, officials and entertainers contracted for events promoted by the State Fair Board. The Subcommittee does not have final authority to terminate a contract, but depends upon public scrutiny to assist in its recommendations. The Secretary of Finance may override recommendations of the Subcommittee regarding a disapproved contract; however, the Secretary must notify the Subcommittee of such action within 30 days. Such notification must be accompanied by an explanation for the action.

SUBCOMMITTEE ACTIVITY

Being a statutory Subcommittee of the LRC, the Personal Service Contract Review Subcommittee met once a month (12 meetings) during the 1993-94 Fiscal Year. The Subcommittee reviewed 1,638 contracts and 732 amendments for the 1993-94 fiscal year. No contracts or amendments were disapproved. The Subcommittee also reviewed a total of 325 contracts for amounts under \$1,000, which were submitted for informational purposes only.

**REPORT OF THE 1994
PROGRAM REVIEW AND INVESTIGATIONS COMMITTEE**

**Representative Jack Coleman, Chair
Senator Joey Pendleton, Vice-Chair**

Sen. Tom Buford
Sen. Susan Johns
Sen. Nick Kafoglis
Sen. Dick Roeding
Sen. Larry Saunders

Rep. Adrian Arnold
Rep. Joe Barrows
Rep. Don Farley
Rep. Mark Farrow
Rep. C. M. "Hank" Hancock
Rep. Kenneth Harper
Rep. Harry Moberly, Jr.

LRC STAFF: Joseph Fiala, Assistant Director, Sheila Mason, Committee Staff Administrator, Anne Armstrong, Betty Davis, Michael Greenwell, Alice Hobson, Doug Huddleston, Adanna K. Hydes, Drew Leatherby, Henry Marks, John Snyder, and Jare Schneider; Bonnie Jezik and Jo Ann Paulin, secretaries.

**PRESENTED TO THE
LEGISLATIVE RESEARCH COMMISSION
AND THE 1995 ORGANIZATIONAL SESSION OF THE
KENTUCKY GENERAL ASSEMBLY**

PROGRAM REVIEW AND INVESTIGATIONS COMMITTEE

COMMITTEE JURISDICTION: The Program Review and Investigations Committee is a 16-member bipartisan committee. According to KRS Chapter 6, the Committee has the power to review the operations of state agencies and programs, to determine whether funds are being spent for the purposes for which they were appropriated, to evaluate the efficiency of program operations and to evaluate the impact of state government reorganizations. Requests for studies may be made by any official of the executive, judicial or legislative branches of government. Final determination of research topics, scope, methodology and recommendations is made by majority vote of the Committee. Final reports, although based upon staff research and proposals, represent the official opinion of a majority of the Committee membership. Final reports are issued after public deliberations involving agency responses and public input.

COMMITTEE ACTIVITY

The Program Review and Investigations Committee held five meetings through November, 1994.

At its first meeting of the Interim, the Committee adopted its final report on the Department of Parks. This report and recommendations called for management and statutory changes. Management changes included more aggressive internal fraud and waste prevention activities, personnel actions, including longevity raises, and elimination of patronage and restructuring of positions related to Park Naturalists and Group Sales. In addition the recommendation was made to create a Parks Commission (legislation passed during the 1994 Regular Session) and to create a Bond Implementation Oversight Coordinating Committee, to coordinate the various agencies involved in construction projects approved during the 1994 Regular Session.

A major study was undertaken regarding the Kentucky Association of Counties Advanced Revenue Program. This study concentrated on the Program's investment arrangement with a stock brokerage and investment advisor firm. Evidence indicated that this investment proposal involved the near loss of \$32 million in funds being used to purchase possibly bogus "prime bank guarantees." The Kentucky Association of Counties was asked to reassess its current management and organizational structure related to the various loan and insurance programs it operates. Evidence from the study was forwarded to the Attorney General, the FBI, the State Police and the Commonwealth's Department of Financial Institutions for investigation.

The Committee has held one follow-up meeting related to its study of Medicaid and additional meetings are planned.

A preliminary study related to the Cabinet for Human Resources will be presented in November.

A final report on marina operations in state parks is expected for December.

Two studies have been requested and will be discussed at the November meeting. They involve the impact of a uniform school closing date and solid waste regulation.

**REPORT OF THE 1994
TASK FORCE ON DOMESTIC VIOLENCE**

**Senator Jeff Green (Co-chair)
Representative Leonard Gray (Co-chair)**

Senator Fred Bradley
Senator Michael Moloney
Representative Paul Mason
Representative Ruth Ann Palumbo
Jerry Bowles
Dr. Baretta Casey
Sherry Currens
Kathy Frederich
Deborah Morrow
Judge Lewis Paisley
Chuck Sayre

Senator Susan Johns
Senator John David Preston
Representative Steve Nunn
Representative Frank Rasche
Captain Neal Brittain
Don Cetrulo
Travis Fritsch
Carol Jordan
Judge Lewis D. Nicholls
Marcia Roth
Marsha Weinstein

LRC STAFF: Susan Warfield, Scott Varland, and Mac Lewis.

**PRESENTED TO THE
LEGISLATIVE RESEARCH COMMISSION
AND THE 1995 ORGANIZATIONAL SESSION OF THE
KENTUCKY GENERAL ASSEMBLY**

TASK FORCE ON DOMESTIC VIOLENCE

TASK FORCE JURISDICTION: This Task Force was created by the Legislative Research Commission to study the causes and extent of domestic violence in Kentucky families and the implementation and enforcement of existing laws dealing with domestic violence. The Task Force has been directed to submit recommendations to the Legislative Research Commission on or before October 1, 1995.

TASK FORCE ACTIVITY

The Legislative Research Commission authorized the creation of the Task Force on Domestic Violence at its September 26, 1994 meeting. The Task Force has held two meetings through October, 1994. To facilitate communication and involvement by concerned citizens and agencies, a mailing list of persons interested in the work of the Task Force has been compiled.

The Task Force first met in September and began its work by reviewing the existing statutes relating to domestic violence. Critical issues in Kentucky's response to domestic violence were presented by Task Force members representing victims, judges, prosecutors, law enforcement, and the field of mental health. Concerns and topics requiring further study were discussed. Each member of the Task Force was asked to respond to a survey to identify areas of concern that may be addressed. The written comments were distributed to all members and will be used to assist in the development of Task Force priorities and future agenda topics.

At its second meeting, in October, the Task Force considered the nature and extent of domestic violence in Kentucky. Presentations were made by Cabinet for Human Resources staff, including an Adult Protective Services Specialist for the Department for Social Services, and the Sexual and Domestic Violence Program Administrator for the Department for Mental Health and Mental Retardation Services. Discussion focused on the profile of an abuser and a victim, based on Kentucky and national data.

The October meeting also included a demonstration of the Law Information Network of Kentucky, referred to as LINK. Personnel from the Kentucky State Police, with the assistance of a LINK terminal operator from the Fayette County Sheriff's Office, explained the capabilities of the computer network and its vital role in quickly providing local law enforcement officers 24-hour statewide access to information critical to the performance of their duties. The information network that tells the officer about the driving record of an individual detained in a traffic stop is the same as the one used to notify local officers of the existence of court issued protective orders when responding to domestic violence calls. Within seconds, this computer system can relay such information as the existence of a criminal history, outstanding warrants, or other court orders, as

well as vehicle registration and driver's license status. Sample protective orders were entered into LINK to demonstrate the information quickly available to police officers responding to domestic violence calls. The presenter pointed out that the system depends on the proper and timely entry and maintenance of accurate and up-to-date information. The demonstration focused on the need for interagency communication and coordination, in order for LINK to assist in the protection of victims of domestic violence.

**REPORT OF THE 1994
COMMISSION ON POVERTY**

**Senator Gerald Neal, Co-Chair
Representative Freed Curd, Co-Chair**

Rep. Tom Burch
Rep. Jesse Crenshaw
Sen. Susan Johns
Sen. Joey Pendleton
Sen. Dick Roeding
Rep. Arnold Simpson

Lelar Barney
Laurie Bowman
Pat Earles
Arnold Gaither
Eula Hall
Rosalind Harris
Ronald Lee Logsdon
Stella Marshall
Judy Martin
Dan Petronio
Laura Roberts

LRC STAFF: Gilmore Dutton, Stewart Willis, and Rose Mack

**PRESENTED TO THE
LEGISLATIVE RESEARCH COMMISSION
AND THE 1995 ORGANIZATIONAL SESSION OF THE
KENTUCKY GENERAL ASSEMBLY**

COMMISSION ON POVERTY

COMMISSION'S CHARGE: to develop a thorough description of the characteristics of Kentucky's poor; to investigate the particular causes of poverty in various areas of the state and among various categories of the poor; to focus attention on the causes of poverty rather than on its effects, except as those effects contribute to a cycle of poverty; to evaluate the ability of existing poverty and development programs to mitigate the causes of poverty in the identified areas and among the identified categories of the poor; and to recommend improvements in any state programs which could mitigate the causes of poverty with an aim toward making them more integrated with each other and more responsive to local conditions.

COMMISSION ACTIVITY

The Commission on Poverty has held one meeting through November, 1994.

At the Commission's November meeting, Dr. Thomas W. Ilvento, University of Kentucky's Department of Sociology, presented a paper entitled "People and Places in Poverty in Kentucky" in which he discussed the concept, definition, and causes of poverty in Kentucky. Dr. Ilvento also compared 1990 poverty rates to 1980 rates, based upon a number of characteristics, including race, age, gender, household makeup, and location of residence. Of 18 characteristics for which comparable data was available, the percentage of Kentuckians living in poverty had increased in 14 cases over the decade. The four characteristics showing a decline in the percentage of population living in poverty were:

- (1) Members of a race other than white or African-American;
- (2) Persons aged 65 or over;
- (3) Households with at least one person receiving social security; and
- (4) People living on a farm.

Overall, the percentage of Kentuckians living in poverty increased from 17.6 percent in 1980 to 19.0 percent in 1990.

As a guide for its activities, the Commission adopted the following mission statement:

It shall be the mission of the 1994-95 Commission on Poverty to:

- (1) Identify and record the incidence of poverty in Kentucky;
- (2) Develop a description of the poor and the communities in which they live;
- (3) Determine the causes of poverty, and distinguish among those causes as they differ by geographic region and categories of the poor;
- (4) Evaluate the ability of existing Kentucky programs to mitigate the causes of poverty;

- (5) Identify and examine other states' programs which have been successful in addressing the causes of poverty;
- (6) Recommend changes in existing state programs, or the creation of new programs, to improve responsiveness to the needs of the poor and to increase the rate of success in eliminating sources of poverty; and
- (7) Report the findings of the Commission to the Legislative Research Commission on a timely basis for action by the 1996 Session of the General Assembly.

The Commission will meet monthly through September, 1995, at which time it will submit its recommendations to the Legislative Research Commission.

**REPORT OF THE 1994
SPECIAL SUBCOMMITTEE ON
STATUTES AND REGULATIONS PUBLICATION**

Senator Walter Baker, Chair

Sen. Jeffrey Green
Rep. Louis Johnson

Rep. Thomas Jensen
Sen. Michael Moloney

LRC STAFF: John Spangler and Robyn Kemper

**PRESENTED TO THE
LEGISLATIVE RESEARCH COMMISSION
AND THE 1995 ORGANIZATION SESSION OF THE
KENTUCKY GENERAL ASSEMBLY**

SPECIAL SUBCOMMITTEE ON STATUTES AND REGULATIONS PUBLICATION

SUBCOMMITTEE JURISDICTION: This Subcommittee was created in June 1992 by the Legislative Research Commission to consider requests from outside the agency for use of LRC's statutory and administrative regulation databases and to develop recommendations for a policy for responding to these requests. The Subcommittee was also asked to review the existing arrangements for the publication of the Kentucky Revised Statutes and the Kentucky Administrative Regulations Service and to make any recommendations it believes appropriate to the Commission on this subject.

SUBCOMMITTEE ACTIVITY

The Legislative Research Commission reconstituted the Subcommittee with its membership from the previous interim to resume its work during the 1994-95 legislative interim.

The Subcommittee has met once thus far in the interim. At its June 17, 1994 meeting, the Subcommittee acted on a request by a trade association to reprint substantial portions of the Kentucky Administrative Regulations in a publication being prepared for its members and the public. It also established conditions upon which a favorable recommendation would be made on requests for designation as an official election version of the Kentucky Revised Statutes under KRS 7.138(1)(b), as amended by the 1994 Regular Session of the General Assembly, effective July 15, 1994.

During the remainder of the interim, the Subcommittee will continue its work on establishing written agreements with the publishers of the official printed editions of the Kentucky Revised Statutes and consider requests not covered by the existing "Policy on Release of LRC Database Materials for Certain Purposes" adopted by the Legislative Research Commission on its recommendation.

**REPORT OF THE 1994
TOBACCO TASK FORCE**

Senator Joey Pendleton, Chair

Rep. Royce Adams
Rep. Woody Allen
Rep. Ray Altman
Rep. Adrian Arnold
Sen. Fred Bradley
Sen. Tom Buford
Rep. Jeffrey Buis
Rep. Denver Butler
Rep. Paul Clark
Rep. Jack Coleman
Rep. Mark Farrow
Rep. Kenny French
Rep. Walter Gee
Rep. Donnie Gedling
Rep. Drew Graham

Rep. Clayton Little
Rep. June Lyne
Rep. Jim Maggard
Rep. Sam McElroy
Rep. Harry Moberly, Jr.
Sen. Virgil Moore
Rep. Ramsey Morris
Rep. Lonnie Napier
Sen. Rick Rand
Rep. Richard Sanders, Jr.
Rep. John Stacy
Rep. Richard Turner
Rep. Pete Worthington

LRC STAFF: Andrew Cammack, Brooks Talley, Dan Risch, and Diana Hill

**PRESENTED TO THE
LEGISLATIVE RESEARCH COMMISSION
AND THE 1995 ORGANIZATIONAL SESSION OF THE
KENTUCKY GENERAL ASSEMBLY**

TOBACCO TASK FORCE

JURISDICTION: matters pertaining to tobacco production, the price support program, no-net cost assessment, tobacco "pool," tobacco imports and exports, and any matter pertaining to the tobacco industry.

SUBCOMMITTEE ORGANIZATION AND MEMBERSHIP

Subcommittee on Policy

Rep. Drew Graham, Chair
Sen. Tom Buford
Rep. Jim Maggard
Rep. Harry Moberly, Jr.
Rep. John Will Stacy
Rep. Royce Adams
Rep. Clayton Little
Rep. Denver Butler
Sen. Rick Rand

Subcommittee on Future Use

Rep. Adrian Arnold
Rep. Woody Allen
Rep. Walter Gee
Rep. Ramsey Morris
Rep. Richard Sanders, Jr.
Rep. Sam McElroy
Rep. Ray Altman
Rep. June Lyne
Rep. Donnie Gedling
Rep. Jack Coleman

Subcommittee on Trends

Rep. Pete Worthington
Sen. Fred Bradley
Rep. Jim Bruce
Rep. Jeffrey Buis
Rep. Richard Turner
Rep. Kenny French
Rep. Lonnie Napier
Rep. Paul Clark
Rep. Virgil Moore
Rep. Mark Farrow

TASK FORCE ACTIVITY

The Task Force met three times during the first part of the 1994-95 interim. The focus of the Task Force in its first three meetings was on burley tobacco's present situation, the outlook, and how to enhance the possibilities for its future in Kentucky.

At the Task Force's first meeting, a representative of the Long-Term Policy Research Center discussed the Center's study: *The Future of Burley Tobacco: Likely Outcomes, Points of Leverage and Policy Recommendations*. The representative noted that the billion dollar burley industry in Kentucky faces an uncertain future because the quota is declining, the price support program is under fire, imports are increasing, the state is no longer the sole supplier of high-quality burley, there is an abundance of cheap burley in the world market, the state faces a possible increase in the federal cigarette excise tax, there are declining numbers of smokers in the United States, and less U. S. burley is being used in U. S. cigarettes. The study suggested that Kentucky's quota could decline 40% in the next ten years. It suggested that 15 Kentucky counties are at particular risk, and others are at substantial risk if a significant quota decline occurs.

The study's recommendations suggest enacting legislation requiring domestic content labeling on cigarette packages. It recommends that Kentucky facilitate the creation of a consortium with other tobacco-producing states to promote tobacco marketing abroad, since the federal government no longer does this. It suggests research and development funding on extended uses for tobacco. It recommends facilitating farm diversity and developing a framework to increase local purchases of farm products. The study suggests that if an increase in the federal cigarette excise tax occurs, part of those funds be sought to assist in diversification.

Some legislators noted that there is no single alternative crop that can replace tobacco, and that there are problems with developing many alternatives. Some legislators questioned the conclusions of the report, and suggested that the conclusions were too negative. Members suggested that the Tobacco Task Force should undertake its own study, which would look at trends in production, consumption, imports, and quota cuts. It would look at the demand for burley and how to assure that Kentucky has its share. It would also look at policies that affect such things as rural development and smoking.

At the Task Force's first and second meetings, representatives of the U.K. College of Agriculture were asked to discuss extended or alternative uses of tobacco--one possible way to increase demand. Task Force members were told that extended uses of tobacco often involve genetically engineering the tobacco to make new products, such as pharmaceuticals, enzymes, and proteins. At the second meeting, these professors were asked to quantify market opportunities for such bioengineered tobacco products. They discussed a plan for research and development in the area of plant biotechnology they began developing when the federal government began to reduce research funds for tobacco. Tobacco would remain a focus in this research.

At the Task Force's second meeting, members heard a university agricultural economist discuss the tobacco situation and outlook. He said, given increased world competition and increasing taxation and regulation of tobacco in the United States, the next two to three years will be difficult times for Kentucky burley tobacco growers, and that a large quota cut is likely. He suggested that this year's crop would sell at a price slightly higher than last year but would bring in slightly less per pound for the farmer because of the increased no-net cost assessment. He suggested that the pool would take in 75 to 125 million pounds, compared to last year's very large take of 200 million pounds. He said this would place the total in the pool near 500 million pounds, which would be similar to the excessive pool stocks in 1985. This could send the no-net cost assessment into double digits in 1995.

The university representative noted that burley imports have recently reached record levels. Federal domestic content legislation temporarily slowed this trend, but the legislation was found to conflict with the GATT treaty. Quotas are now being sought to limit imports.

He said the quota formula would recommend at a minimum a 30% cut in the 1995 burley quota, but proposals are being made to limit such a cut. He suggested that production levels could stabilize after an initial downward adjustment. He noted that there are still opportunities in the world market if U.S. tobacco can compete. Some estimates of the possible quota cut are up to 45%. The speaker at the third meeting suggested a 15% to 20% cut is most likely.

At the Task Force's third meeting, a representative of the Burly Tobacco Growers' Cooperative Association addressed the group on recent developments affecting the tobacco program and tobacco growers in Kentucky. This representative noted some of the same trends as the former speakers and mentioned some efforts being made to address them.

This speaker first mentioned a quota buy-out being discussed as possible federal legislation. This legislation would require the government to pay quota holders \$7.50 per pound for their quota and would end the quota and price support program. The buy-out would be financed by a 10 cent increase in the federal excise tax on each pack of cigarettes. The speaker opposed the plan and said the buy-out would change the face of agriculture in Kentucky--many farmers would go out of business, and rural communities would decline. The Task Force discussed an optional buy-out in which a farmer could sell his quota to the government if he no longer wanted to grow tobacco. The quota program would remain in effect under the optional buy-out proposal.

The speaker said that U. S. tobacco is priced too high for the export market. It was noted that the cost of leasing tobacco and warehouse fees reduced U. S. tobacco's cost competitiveness. The speaker did not support lowering the price support but suggested that lowering individual grade loan rates or freezing the price support might be desirable.

Falling demand and over-production of U. S. burley have led to excessive pool stocks. The over-production has resulted primarily because cuts that the quota formula indicated should have been made the last two years were limited by legislation. The speaker said negotiations with the tobacco companies to encourage a buy-out of the excessive stocks are underway. He also pointed out that it is important to assure that the quota does not decline. The speaker suggested the tobacco companies should cooperate with growers, since the companies need the growers to help them oppose increased tobacco taxes and for other political support. The speaker suggested that present production was near demand if one did not consider the excess now in the pool. He noted that the United States tobacco farmer is still producing as much burley today as he did thirty years ago. Task Force members observed that this shows that the Kentucky tobacco grower is not going out of business.

For its fourth meeting, the Task Force plans a tour of opening day burley sales and a public meeting in Hopkinsville.

The Task Force established three subcommittees to address the concerns raised in the first few meetings and to carry out its proposed study. The subcommittees include the Trends Subcommittee, the Policy Subcommittee and the Future Uses Subcommittee. At the time of writing of this report, only the Trends subcommittee had met. It met to determine its work plan for the remainder of the interim.

**REPORT OF THE 1994
SPECIAL SUBCOMMITTEE ON VETERANS' AFFAIRS**

**Representative Eddie Ballard, Chair
Representative Jim Maggard, Vice-Chair**

Rep. Russell Bentley
Rep. Kaye Bondurant
Sen. David Boswell
Rep. James Bruce
Sen. Dan Kelly
Rep. Bill Lile
Sen. Virgil Moore

Rep. Ramsey Morris
Rep. Lonnie Napier
Rep. Steve Riggs
Sen. Albert Robinson
Sen. Larry Saunders
Rep. Richard Turner
Rep. James Zimmerman

LRC STAFF: Kent Downey and Shirley Hart

**PRESENTED TO THE
LEGISLATIVE RESEARCH COMMISSION
AND THE 1995 ORGANIZATIONAL SESSION OF THE
KENTUCKY GENERAL ASSEMBLY**

SPECIAL SUBCOMMITTEE ON VETERANS' AFFAIRS

SUBCOMMITTEE JURISDICTION: gather information, set legislative priorities, and act as a sounding board on behalf of Kentucky veterans relative to issues affecting them.

SUBCOMMITTEE ACTIVITY

The Subcommittee has held two meetings thus far during the 1994-95 interim. The following issues were discussed: the establishment of veterans' cemeteries; the establishment of two additional state-run satellite veterans' nursing homes; the status of tax exemption for military retirees; the establishment of November 11, Veterans' Day, as a Kentucky state holiday; the establishment of a permanent veterans' affairs committee of the Kentucky General Assembly; the Veterans' Trust Fund Program; the Veterans' Employment and Training Service; flag desecration; and the re-establishment of the Special Subcommittee on Veterans' Affairs.

The Subcommittee adopted a resolution requesting that the Governor place on the agenda of the next extraordinary session of the General Assembly the appropriation of funds to construct two additional veterans' nursing homes, financed with charitable gaming funds.

At the second Subcommittee meeting, the Joint Executive Council of Veterans' Organizations presented the Subcommittee with the following recommendations for study in the 1994-95 interim:

- (1) Full support of the Kentucky Veterans' Center;
- (2) Establishment of additional 120-bed veterans' nursing homes;
- (3) Establishment of a state veterans' cemetery system;
- (4) U.S. flag desecration resolution;
- (5) Full support of the Kentucky Center for Veterans' Affairs, to include personal services contract funding;
- (6) Establishment of the Subcommittee on Veterans' Affairs as a permanent committee; and
- (7) Exemption from the Kentucky Usage Tax of active duty military personnel who have transferred to Kentucky and who were tax exempt when they purchased a vehicle elsewhere.