

## ECONOMIC DEVELOPMENT

By promoting business recruitment, retention and expansion, the economic development committee seeks to increase Kentucky's competitiveness with our border and peer states. To achieve that goal, the committee is actively engaged in policy initiatives aimed at modernizing the economy, creating jobs and improving the quality of life for Kentuckians, among others.



### COMMITTEE CHAIR

Darrell Ishmael, Business Development Program Manager, East Kentucky Power Cooperative, Winchester



## Promote business recruitment and expansion efforts

It is critical that Kentucky be successful in its efforts to promote business recruitment as well as the retention and expansion of existing businesses. The cornerstones of our quest for higher wage jobs and economic expansion rest primarily in two areas: improving education and workforce development and ensuring Kentucky's laws and regulations are in step with our competitor states.

**More than 400 international companies have operations in the Bluegrass, employing over 76,000 people across the state.**

Kentucky Cabinet for Economic Development

To that end, the Kentucky Chamber will advocate for public policy innovations that serve to remove the Commonwealth's most glaring competitive disadvantages. We call on state leaders to eliminate unnecessary government-imposed costs of doing business and to enact legislation that fosters business growth and innovation.

### Promote Education and Workforce Development

Kentucky's economic well-being is inextricably linked to the education and skills of its citizens. The relationship between educational excellence and economic growth is more critical today than it has ever been. In our modern economy, competition comes from nations on the other side of the world, not just from our neighboring states.

Kentucky must be focused and relentless in its work to create a system of education that is truly world class. All Kentuckians have a role to play; none more important than the state's business community. It is the state's employers who face the competition every day and who understand the limitations created by an under-educated workforce. They must become more involved, both at the school level and in policy deliberations. The Chamber supports streamlining workforce development programs to aid employers in this endeavor.

### Entice Business Development

The Kentucky Chamber supports incentive programs like those in House Bill 3 passed in the 2009 Special Session, designed to encourage the growth of high-wage jobs, long-term investment in strategically defined industry sectors

small business



and the promotion of small businesses. Further, the Chamber supports the enhancement of entrepreneurial development incentives to encourage innovation and competition in a global marketplace.

To ensure maximum effectiveness, accountability and continuity, the Chamber supports maintaining the public/private partnership board governance structure under which the Cabinet operates.

### **Promote an Equitable Civil Justice System**

The increasing cost of civil litigation, whether through small business legal fees, higher liability insurance premiums, defensive business practices or simply reduced investment opportunities, is a significant burden for Kentucky's employers. These costs are not only hurting businesses and their employees, but also consumers as they are passed on in the form of higher prices and fewer choices.

Kentucky must turn back the clock on expansion of employer civil liability. To stem the costly tide of an increasingly and unnecessarily litigious environment, the Kentucky Chamber supports reasonable limitations on civil liability and a constitutional change that would allow the General Assembly to enact caps on awards for non-economic damages. Additionally, Kentucky businesses should be permitted to challenge state statutes or appeal the actions of a state agency by filing suit in the Circuit Court in the county of the business. These

needed reforms will have a stabilizing influence on our tort system, making the state far more attractive to employers and potential employers alike.

### **Enact Employee Choice**

The Kentucky Chamber believes every worker is entitled to make his or her own determination regarding dues payments to unions. While every worker in Kentucky is guaranteed the right to join and pay dues to a union, the same is not true in many situations for workers who want to exercise the right not to participate. We believe that union membership should be a matter of personal choice and the freedom not to affiliate with a labor union is no less deserving of protection than the freedom to affiliate.

As Kentucky struggles to recruit new business and to retain existing and expanding businesses, Kentucky's failure to enact right-to-work legislation has allowed the Commonwealth to cede competitive ground to other states. In fact, Kentucky stands with West Virginia as the only two southern states not to have enacted right-to-work legislation. We strongly support legislation to prohibit requiring any worker to join a union as a condition of employment.

### **Let Kentucky Vote on Expanded Gaming**

The Kentucky Chamber believes that expanded gaming is a reasonable and appropriate policy measure to recoup the hundreds of

**Among racetracks with legalized alternative gaming as of November 2008, combined annual purses are forecast to increase by 45.5% by 2013, while combined annual purses at racetracks without legalized alternative gaming are expected to decline by 11.9% by 2013.**

Thoroughbred Racing Association



**The top five counties (Jefferson, Fayette, Christian, Boone, and Kenton) accounted for almost 51% of Kentucky's total GDP and over 31% of the state's population.**

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millions of dollars being lost annually to casino gaming in neighboring states. Such a move would also help ensure the economic competitiveness of Kentucky's signature equine industry and provide additional revenue for high-yield public investments like education.

To let Kentuckians decide whether to allow expanded gaming in the Commonwealth, the General Assembly should put a constitutional amendment on the ballot. Such an amendment should authorize the General Assembly to establish the structure under which casinos would be operated by the state's racetracks along with a limited number of licenses allocated to ensure an effective geographical and market-based distribution.

### **Developing Employment Opportunities**

As the Commonwealth debates policies designed to address the needs of the working poor, the Chamber supports innovative approaches that create individual and employer-based incentives that encourage and reward work for low income individuals.

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This should be done while providing support to employers willing to take risks when hiring those with limited basic job skills or other disadvantages that serve to make them difficult to employ. Only by investigating the impact of these innovations through a combined approach can we hope to achieve our goals of

more Kentuckians working and higher productivity for Kentucky employers.

### **Developing and Maintaining Infrastructure**

Kentucky must realize that our global competitors are building infrastructure at an impressive rate. To take advantage of global business opportunities and improve the ability of Kentucky companies to compete, we must place a great emphasis on building and maintaining our state's infrastructure. Our focus must include energy, water, sewer, broadband and transportation systems.

### **Develop Pro-Business Energy Strategies**

Kentucky's low energy costs are among our most compelling competitive advantages. Low utility rates attract jobs and investment to the Commonwealth and help offset our less competitive business elements. In 2007, Kentucky took a bold step by providing incentives to build new energy sources that utilize our resources in a clean and efficient manner. To sustain, stabilize and improve upon our favorable energy climate, the Kentucky Chamber encourages policy-makers to continue to maximizing our state's opportunities for long-term growth and development while preserving Kentucky's low energy costs.

### **Expand Telecommunications and Broadband Infrastructure**

The Internet is now one of the most important components of the modern economy. In today's globally competitive environment, the



Internet allows businesses to improve productivity by communicating through e-mail, promoting products online and more efficiently ordering supplies, taking orders, billing customers and receiving payments.

Unfortunately, the costs associated with deploying broadband in less populated areas have served to discourage deployment throughout the entire state, creating both a disincentive for companies to locate in underserved areas and an uneven playing field for existing businesses. The Kentucky Chamber supports the continued efforts of the General Assembly to encourage broadband expansion and deployment.

### **Construct and Maintain Transportation Investments**

A dependable transportation network is necessary for the safe and efficient movement of individuals and freight statewide. It is a key factor in business location because good transportation infrastructure provides companies a means to move goods and services in a cost-

effective manner. The Kentucky Chamber supports the efforts of the Kentucky General Assembly to work toward developing and maintaining a statewide transportation system adequate for the current and future needs of the Commonwealth. We believe, in order to achieve this goal, that policy-makers must protect the integrity of the dedicated road fund by refusing to divert road funds to pay for what should be General Fund obligations.

### **Promote Kentucky's Equine Industry**

Kentucky's equine industry is world renowned, with more than a \$4 billion impact to Kentucky's economy and responsible for more than 80,000-100,000 full-time equivalent jobs in our state. Because of the substantial economic impact the industry has, the Kentucky Chamber supports programs that will encourage and enhance the future growth of Kentucky's signature industry. These include innovative tax approaches, additional gaming options at racetracks, purse increases and other initiatives that help maintain our competitive advantage.

**Kentucky exported over \$19.09 billion of goods during 2008, ranking 23rd among the 50 states and the District of Columbia in total exports.**

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