



What Passed. What Didn't. And What It Means to Your Bottom Line.

2008 GENERAL ASSEMBLY RESULTS FOR BUSINESS

The 2008 Kentucky General Assembly was not Kentucky's finest hour. The legislature blocked a number of proposals that would have impaired the state's ability to attract and grow jobs, but it missed important opportunities for progress in a state that has a lot of ground to cover in education and economic growth.

There were some immediate bottom-line positives for the state's employers:

- No corporate tax increases or sales taxes on services
- No expansion of litigation against employers
- No legislative mandates that increased workers' compensation costs

But there were significant disappointments and missed opportunities to improve the long-term quality of life and prosperity of Kentucky and its citizens – both corporate and individual:

- No action to improve student financial aid
- Funding cuts for K-12 programs and postsecondary institutions
- No broad tax credits for small businesses – the source of most of the state's job creation
- No cigarette tax increase, which would reduce smoking and provide needed revenue for education and other critical programs
- No public vote on expanded gaming, another potential source of funds for needed programs

And perhaps most disappointing – no action on pension reform.

Given the ongoing, negative impact that rising pension costs have on schools, local governments, taxpayers and the state's overall cost of doing business, that final failure is particularly unacceptable.*

We can do better in Kentucky. And I believe it is the business leaders who are going to get us there. Many proposals, this year, were actions taken (or blocked) as a direct result of *your* influence through our organization.

Turn the page to see how the session shook out for the business community. Thank you for your hard work and membership investment. We couldn't do it without you.

Sincerely,

Dave Adkisson
President & CEO

* At press time, a Special Session to address the issue was pending.



In 2008, the Kentucky Chamber reviewed over a thousand pieces of legislation to determine the impact on business — tracking and giving input on more than 300.

When the Kentucky General Assembly meets in Frankfort each year, their actions can profoundly affect your bottom line. That's why every year the Kentucky Chamber — one of the most effective lobbying teams in Frankfort — is there, working for you. We do whatever it takes to make sure that Kentucky businesses of every type and size have a powerful and respected voice in Frankfort.



During this year's session, the Kentucky Chamber got positive, business-building legislation **PASSED.**



Legislation that posed substantial risk to Kentucky businesses was **DEFEATED.**

HUMAN RESOURCES

HB 31 Felony Records Expungement		HB 31 would have allowed convicted felons to apply for criminal record expungement after a set period of time. Individuals who were eligible for expungement under this legislation would not have been required to disclose facts relating to their criminal history on applications for employment, credit or any other type of application. Passed House, Defeated in Senate
HB 95/97/ 208/308 Immigration Legislation		Several bills were introduced that, by varying degrees, would have created unique Kentucky immigration laws requiring employers to act as front line enforcement — some with significant penalties against employers, including the loss of business license. DEFEATED
HB 282 Workers' Comp Litigation Expansion		HB 282 would have expanded litigation in the workers' compensation system and exposed employers to significantly higher insurance premiums and substantial litigation costs. DEFEATED
HB 624 Litigation Explosion		HB 624 would have dramatically expanded litigation against employers by injured workers, potentially bankrupting small businesses across Kentucky through higher insurance premiums and overwhelming litigation costs. DEFEATED
HB 382 "Comparable Worth" Lawsuits		HB 382 would have amended current Kentucky law by introducing the discredited legal standard of "comparable worth." Gender-based wage discrimination is already illegal under Kentucky law and the federal Equal Pay Act. This legislation would have been a heavy burden on employers and led to significant confusion and substantially increased litigation. Passed House, Defeated in Senate
HB 403 Public Employee Collective Bargaining		HB 403 would have institutionalized unions and collective bargaining for all public employees. Diverting tax dollars paid to public workers to union activities would be a highly negative public policy precedent. DEFEATED
HB 575 Increased Workers' Comp Costs		HB 575 would have significantly increased workers' compensation costs by effectively removing the cap on duration of payments for disability claims. DEFEATED
HB 598 Workers' Comp Attorney Fees		HB 598 would have increased the maximum workers' comp attorney fee from \$12,000 to \$20,000, adding unnecessary cost and potentially increasing litigation. DEFEATED
HB 654 Independent Contractors		HB 654 would have penalized employers that "misclassify" employees as independent contractors and created administrative and civil penalties for employers who are found to be non-compliant — resulting in severe sanctions. Passed House, Defeated in Senate

HEALTH CARE

HB 433/SB 59 Health Costs		HB 433/SB 59 would have mandated that all health benefit plans provide coverage for the dialysis provider of the insured's choice. The legislation expanded the definition of "in-network" provider coverage and essentially legislated what should be a private contract negotiation leading to increased costs. Passed House, Defeated in Senate
HB 44 Health Care Transparency		HB 44 will make permanent the Chamber's effort to make health care cost and quality information available to consumers. Only smart consumers can help in holding the line on health care costs. PASSED
HB 148 Health Mandate		HB 148 would have created a highly negative precedent in law by taking away the ability of a health insurance plan to negotiate rates (one of the principle ways insurers moderate health care costs) with a select provider group. In addition to legislatively mandating reimbursements, it would also automatically increase reimbursement costs annually by the consumer price index (CPI). Passed House, Defeated in Senate

EDUCATION

SB 2 Science and Math Achievement		SB 2 is an important measure that will encourage students to take rigorous math and science classes. Increasing the number of students with academic experience in math and science lays the groundwork for higher numbers of students with skills needed by Kentucky businesses to remain competitive. PASSED
SB 32 Workforce Development		SB 32 would have helped develop career pathways for high school students through rigorous academic, career and technical education courses. Passed Senate, Failed in House
SB 64 Alternative Certification		SB 64 allows for an expedited alternative certification process for people qualified to teach the math and sciences. This will help recruit individuals with real world business experience and subject matter expertise to teaching. PASSED
SB 75 Degree Completion		SB 75 will increase the number of students who complete a bachelor's degree by ensuring that college students will continue receiving KEES scholarships as long as they are considered "on track" to graduation – thereby increasing the potential number of skilled workers. PASSED
HB 650 Teacher Collective Bargaining		HB 650 would have created a structure under which local boards of education would have been required to bargain collectively with school personnel – institutionalizing unions in Kentucky schools. DEFEATED

FISCAL POLICY / TAXES

HB 257 Utility Taxes		HB 257 would have imposed a statewide utility gross receipts tax for schools to replace existing law, which provides a local option to levy the tax and set the rate. Since several districts across the state do not levy the 3% tax, this would have been a sizeable tax increase on utility customers in several counties. DEFEATED
HB 262 Tobacco & Service Taxes		HB 262 would have increased the per-pack excise tax on cigarettes by \$0.25 to a total of \$0.55 per pack. It also would have extended the sales tax to commercial janitorial services including carpet, upholstery and window cleaning, charter air flight services, commercial linen services and armored car and security services. Although the Chamber is supportive of an increase in the cigarette tax as a matter of health policy, we opposed the additional services taxes. Passed House, amended with tax credits in Senate DEFEATED
HB 302 Unitary Combined Reporting		HB 302 would have required combined reporting for a unitary business. This would have been a radical change in the way corporate income taxes are calculated and could have imposed taxes on economic activity outside Kentucky. A recent report by legislative staff concluded this change would result in a ballpark tax increase on business of up to \$200 million annually. DEFEATED
HB 600 Pension Reform		HB 600 included positive changes to the state's public employee pension system, a critical step toward sustainability and cost savings for taxpayers. Compromise passed Senate, Not considered in the House
HB 704 Tax Interest		HB 704 recalculates interest payable on tax payments to the state as prime plus 2%, and interest on refunds as prime minus 2%. Additionally, it changes when interest accrues from the current standard of when a tax is paid to a new standard of when an amended return is filed. These moves generate about \$5 million a year in revenue for the state. PASSED

ECONOMIC DEVELOPMENT

SB 36/HB 424 Small Business Tax Incentives		SB 36/HB 424 would have lowered the investment and job creation thresholds for current incentive programs so smaller companies could qualify for incentives. Passed Senate, Failed in House
HB 38 Small Business Tax Incentives		HB 38 would have developed a small business development tax credit program within the Division of Small Business Services to assist new or existing small businesses in creating jobs. Not heard in House committee
SB 155 Expansion of KJDA		SB 155 will expand eligibility for Kentucky Jobs Development Act (KJDA) incentives to sole proprietorships if 75% of business is out of state. PASSED
HB 297 Increased Litigation		HB 297 would have retroactively allowed a surviving spouse to add a "loss of consortium" claim as part of a wrongful death action in addition to unlimited economic damages and the potential for punitive damages. SB 247 was another version of the bill that did not have the retroactive clause. DEFEATED

ENVIRONMENT

SB 69 Hazardous Waste Fee Reduction		SB 69 reduces fees paid by those who generate or handle hazardous wastes. It also redirects the focus and incentives from land disposal of hazardous waste to recycling/energy recovery. PASSED
HB 2 Energy Conservation		HB 2 provides tax incentives and low interest loans for energy efficiency improvements for businesses and individuals, and mandates energy-efficient state-owned and -leased buildings. PASSED
HB 164 "Streamsaver" Legislation		HB 164 would have mandated changes to EPA-approved mountaintop removal mining practices in Kentucky. This legislation would have prevented earth moved due to mining operations from being placed in any valley or near any "water of the Commonwealth." This would have drastically affected coal mining, leading to increased costs for coal operators and ultimately electric utility customers. DEFEATED