



2017 Kentucky Chamber Legislative Agenda



Kentucky Chamber
Uniting Business. Advancing Kentucky.

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As the state's premier business lobbying organization, the Kentucky Chamber of Commerce is a recognized and respected voice at the state Capitol. With thousands of members representing every major industry sector, the Chamber's diverse business policy initiatives converge upon one goal: to build a healthy, vibrant Kentucky economy. Ensuring that business has a voice in the legislative process, we work with local business leaders to identify critical trends, and work in the Capitol as bills are debated and regulations are drafted. Building on the success of more than 60 years, we remain committed to helping Kentucky's economy grow and prosper by promoting a pro-business agenda.



Kentucky Chamber
Uniting Business. Advancing Kentucky.

2011 Kentucky Chamber Legislative Agenda

Each year, the Kentucky Chamber's five policy councils meet over the summer to research and analyze issues important to the business community. Our Legislative Agenda comes from this work. This detailed policy document guides our lobbying efforts in Frankfort and Washington, D.C. This year, the Kentucky Chamber government affairs team's primary focus will be:



Improve the **education attainment** level of Kentuckians.

- Increase the number of science, technology, engineering and math (STEM) graduates.
- Develop and reward effective teachers.
- Increase the compulsory school-attendance age to 18.
- Improve academic achievement and performance.
- Improve adult education in Kentucky.
- Invest in early childhood education and development.
- Enhance workforce preparation.



Modernize **government** at all levels.

- Prioritize state spending to invest in the future.
- Promote streamlining of government services.
- Advocate responsible state personnel policies.
- Support sustainable state debt levels.
- Create a culture of accountability.



Promote **wellness** and healthy Kentuckians.

- Create a culture of wellness in public health programs.
- Promote policies to make employer-sponsored health plans affordable.
- Promote wellness education to improve the health of all citizens.
- Reduce smoking, obesity and other poor health choices.
- Promote personal choice and responsibility in health decisions.
- Increase the number of health professionals to improve access.



Prepare Kentucky to successfully compete in the **global marketplace**.

- Promote a competitive tax code that encourages investment.
- Promote an equitable civil justice system.
- Develop and maintain infrastructure.
- Entice business development.
- Grow Kentucky's exports.
- Defend employers against government-imposed costs.
- Promote Kentucky's signature industries.



Expand Kentucky's role as an **energy leader**.

- Promote cost-effective carbon management solutions.
- Promote sensible regulatory enforcement.
- Utilize Kentucky coal as a key source of energy.
- Invest in clean technologies.
- Promote conservation and efficiency measures.
- Support biomass and alternative energy initiatives.



Education & Workforce

Accountability is the foundation of Kentucky's system of education

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.

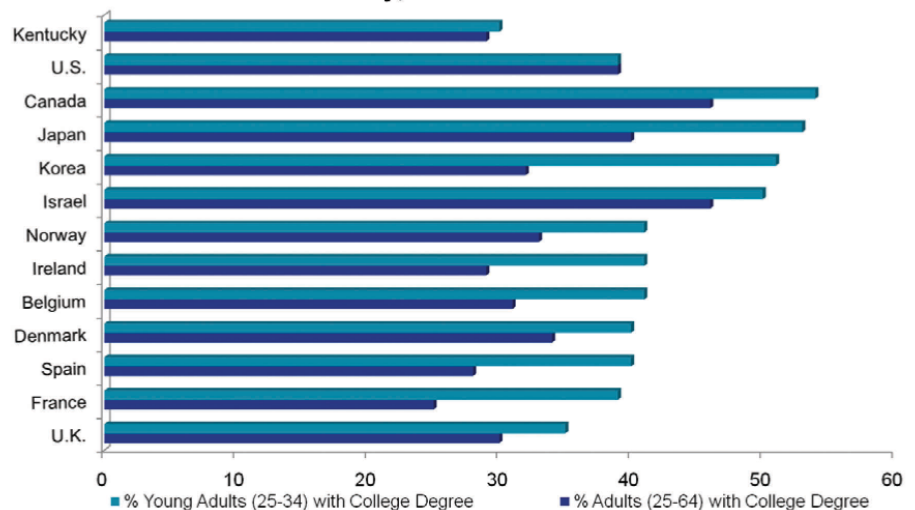
Kentucky must be focused and relentless in its work to create a system of education that is truly world class. All Kentuckians have a role to play, none more important than the state's business community. It is the state's employers who face competition every day and who understand the limitations created by an under-educated workforce.

The Commonwealth must reinforce the relationship between funding, expectations for high student achievement and accountability at all levels of education — from early childhood through postsecondary and adult. Accountability is the foundation of Kentucky's system of education. The state must continually measure its progress toward specific goals to ensure a successful future for Kentucky and its citizens as well as accountability for taxpayers.

Implement *Tough Choices or Tough Times*

To help Kentucky increase the level of student achievement and compete globally, the Kentucky Chamber encourages Kentucky's education system to implement elements of *Tough Choices or Tough Times: The Report of the New Commission on the Skills of the American Workforce*. The report, sponsored by The National Center on Education and the Economy, proposes a dramatic restructuring of all aspects of education, including recruiting teachers from the top third of high school graduates going on to college, allowing academically prepared students to graduate from high school in fewer years and implementing standards and assessments reflective of today's business needs.

Education Attainment: Kentucky, the U.S. and Other Nations



Source: OECD

POSTSECONDARY

Continue Emphasis of 2007 Task Force Report

The Kentucky Chamber's 2007 Postsecondary Education Task Force report underpins an aggressive, ongoing policy agenda. It is time to build on the structural changes and goals embodied in the 1997 Higher Education Reforms and create a new commitment that funds enhanced accountability and supports a seamless, efficient system of learning and teaching. The Chamber's 2010 progress report points to the need to accelerate improvements in Kentucky's postsecondary education system.

Make Higher Education Affordable

Making sure that postsecondary education is affordable for Kentucky students should be a priority for the Commonwealth. The Chamber advocates simplification of the state's financial assistance process and a shared responsibility approach to distribute costs among students, families, postsecondary institutions and the government.



Create a Seamless Education Experience

A student's progress through the education system depends on how well he/she is prepared at each level to succeed at the next. Too often, a lack of communication, collaboration and coordination among the levels of education creates obstacles for students. The Chamber commends the Kentucky General Assembly for legislation enacted in the 2009 and 2010 sessions focusing on these issues. This includes 2009 Senate Bill 1, which mandated coordination between K-12 and postsecondary education on academic standards, and 2010 House Bill 160, which was designed to make it easier for students to transfer from two- to four-year institutions. In both cases, the Chamber acknowledges the importance of the implementation process and urges those involved to ensure the new structure results in the creation of a seamless education experience for students.

Reduce Time to Degree

The Kentucky Chamber supports efforts among policymakers and postsecondary education institutions to shorten the time required to obtain an associate and/or bachelor's degree while maintaining academically rigorous and focused programs. Kentuckians need efficient and affordable postsecondary education while employers need qualified applicants. The needs of both should be met in a timely manner. The Chamber supports programs aimed at reducing the need for remediation for students entering postsecondary education institutions, improving credit transfer policies and providing incentives for students to graduate on time.

Reinvest in the Research Challenge Trust Fund

The Commonwealth's landmark Research Challenge Trust Fund ("Bucks for Brains") has been used to attract world-class researchers and professors to Kentucky universities. The Kentucky Chamber encourages lawmakers to continue the trust fund or to devise a similar program that would provide matching dollars to give universities flexibility, with accountability, to ensure they can attract research faculty and provide up-to-date facilities, technology or other tools to meet the goals of the 1997 postsecondary education reforms.

Grant Universities Bonding Authority

Currently, 43 states allow public universities to issue their own revenue bonds to finance building projects that generate income sufficient to cover the debt service. To the extent that such an approach would not negatively impact the Commonwealth's state bond rating, the Kentucky Chamber believes a similar approach should be implemented in Kentucky with structural safeguards and oversight that ensure projects are consistent with the state's vision for postsecondary education.

ACCOUNTABILITY AND ACHIEVEMENT Require Education Accountability

Individuals and institutions should be held accountable for student achievement through a series of performance measures that will help gauge teacher, student and administrator performance.

The Chamber further believes that efforts to build stronger schools, and thereby enhance the state's economic prosperity, should include end-of-course examinations for students, holding educators accountable for student success and holding postsecondary institutions accountable for the preparation of high-quality teachers.

Offer a 21st Century Education

Students at all levels should be challenged and provided the environment and instruction they need to succeed in the technology-driven and increasingly global 21st century. Improving academic achievement of all students can be done by encouraging rigorous and relevant courses and experiences. To make sure all students are provided a quality education experience, the Kentucky Chamber supports the formation of locally managed charter schools, in areas where certain schools consistently underperform, as one of the tools by which Kentucky schools can improve.

Critical to Kentucky's ability to compete in the global economy is a commitment to increasing the number of graduates in science, technology, engineering and mathematics (STEM). Secondary career and technical education programs, comprised of project-based learning, should be fully utilized to help achieve this goal. The Kentucky Chamber supports legislative and local district efforts to increase graduates in these disciplines.

International awareness is essential to a first class, globally competitive workforce. The Kentucky Chamber believes students should gain this awareness through an international educational experience during their junior or senior year in high school.





At the high school level, financial rewards — in particular the Kentucky Educational Excellence Scholarship — should be weighted to provide students with greater incentives to take more rigorous courses. Under current law, a student can score a 15 on the ACT and still receive KEES Scholarship funds. The Chamber supports raising this score to more accurately reflect the minimum score needed for admission to Kentucky's postsecondary institutions.

that will assist students who are struggling in the standard high school setting to complete a high school degree and to matriculate toward certificate and postsecondary degree programs.

Develop and Reward Effective Educators

Quality teaching is the single most important factor in students' academic success. To ensure every Kentucky student has a high quality teacher every year, the Kentucky Chamber believes the state

should undertake a formal statewide policy review of the effectiveness of teacher preparation programs and require providers to redesign professional development programs to better meet the needs of classroom teachers.

Policymakers must

professionalize the teacher compensation system to reward excellence and provide incentives to attract educators to underserved areas (both geographic and subject matter).

Require Collaboration on Principal Hiring

Because superintendents are held accountable for the performance of individual schools and entire districts, they must have the authority to make or participate in critical personnel decisions. The Chamber supports measures that would allow the superintendent to remove the leadership of a consistently low-performing school. Similarly, school councils have an appropriate role to play in the hiring of school principals. To achieve both these goals, the Kentucky Chamber supports requiring school councils and superintendents to collaborate on the hiring of principals.

Improve School Safety

The Kentucky Chamber supports measures to improve school safety through more effective employee screening and other measures to protect and safeguard school buildings and offices.

WORKFORCE DEVELOPMENT Enhance Workforce Preparation

The Kentucky Chamber supports the widespread use of industry-based credentials to establish uniform standards in workforce preparation. Students who pursue technical training instead of a college education should be eligible for financial awards of all types. The Chamber supports redesigning postsecondary financial aid programs to assist working adults and full implementation of the state initiative to assess middle and high school students to provide career

“Business leaders across the United States are realizing the connection between early education, economic development and a strong return on investment, which in Kentucky would be at least \$5 for every \$1 invested.”

-Prichard Committee for Academic Excellence

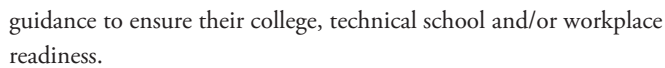
At the postsecondary level, ensuring timely degree completion is a key strategy in managing limited state and student resources. Recent changes in course credit transfer and improved pathways between technical and applied four-year programs will help students achieve this goal. The Kentucky Chamber will continue to monitor these changes for measureable reductions in time-to-degree. Additionally, improvements are needed in advising services, flexible course delivery targeted to adult learners and performance-based institutional rewards for improved transfer rates and reduced incidence of remediation.

EARLY CHILDHOOD EDUCATION Invest in Early Childhood Education

Kentucky must invest in early childhood education and make greater investments in health screenings and enhanced child care programs for Kentucky's developing youth. Ensuring a successful beginning for Kentucky's students will require an innovative and collaborative approach to provide quality preschool to all 3- and 4-year-olds. Additionally, the Kentucky Chamber supports efforts to fully fund all-day kindergarten equitably statewide.

ELEMENTARY AND SECONDARY Reduce the Dropout Rate

Higher education attainment is the foundation of accelerating economic growth. In 2009, 5,806 Kentucky students in grades 7-12 dropped out, and nearly 26% of adults in Kentucky have less than a high school education. The Kentucky Chamber supports raising Kentucky's compulsory school attendance age to 18 and the development of alternative learning tracks and learning environments



The Commonwealth must expand employer and community involvement through efforts that help Kentuckians understand the need to improve schools, develop strategies for enhanced parental involvement in schools and engage business representatives in a regular review of state academic standards. The Chamber encourages the General Assembly to create incentives for Kentucky's employers to support and encourage involvement in all facets of the ongoing task of improving public education in Kentucky.

Further, the Chamber supports tougher penalties on truant students because the tendency for a weak or strong work ethic is often apparent in a student's attendance record.

Improve Adult Education System

Eighty percent of Kentucky adults who receive a GED instead of a high school diploma are not prepared for postsecondary education or training. The GED Testing Service (GEDTS) is crafting its GED 21st Century Initiative, aligned to the newly adopted Common Core Standards, that will reflect the expanded rigor and relevance expected in a high school diploma to prepare learners for postsecondary education or employment. It is critical that Kentucky's Adult Education programs collaborate with employers, local community

colleges, technical schools and other educational institutions to help ensure quality learning experiences for those working toward a GED.

Additionally, there should be improved and expanded financial aid opportunities for working adults who need assistance for additional technical training and postsecondary education. It is also important that Kentucky generate a re-entry pipeline for older workers to keep these individuals in the education system and on track to attaining degrees or credentials so they can remain productive in the workforce. The Chamber supports streamlining workforce development programs to aid employers and employees in these endeavors.

Develop 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.

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.





Government Efficiency

Kentucky budget priorities shifting away from education investments

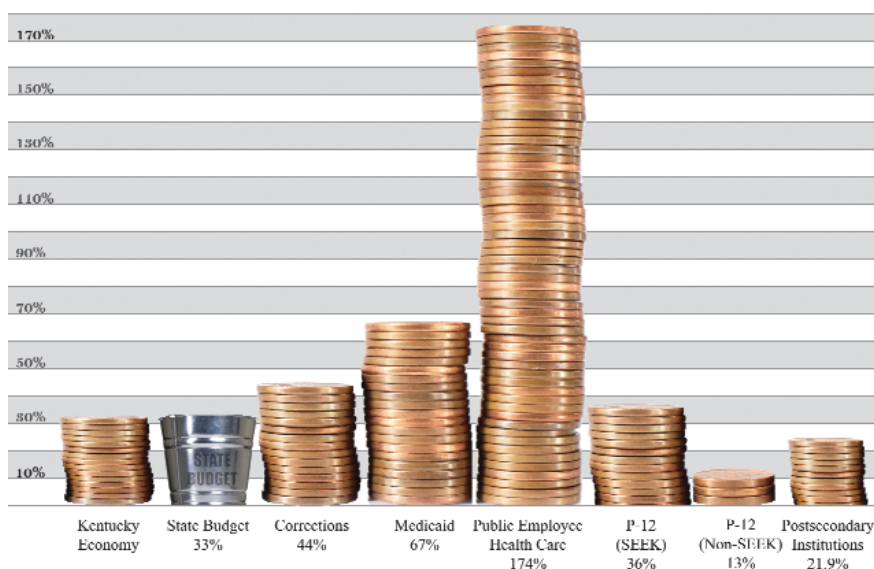
The news continues to be dominated by Kentucky's revenue shortfall, which, like those in most states, resulted from the downturn in the international economy that led to lower tax receipts and increased demand for public services. From fiscal year 2010 to FY 2012, Kentucky will use approximately \$3 billion in federal stimulus funds to fill the hole left by reduced state revenue. These federal funds are due to expire in 2012, leaving Kentucky to face a day of reckoning in balancing its budget.

In 2009, the Kentucky Chamber produced the "Leaky Bucket" report highlighting the fact that Kentucky's budget priorities are shifting away from investments in education and toward providing more money for jails, public employee health benefits and Medicaid. The report, which included data prepared by the University of Kentucky's Center for Business and Economic Research, reached a number of key conclusions:

1. The size of state government relative to the state's economy has remained consistent over the years (about 6% of the Gross State Product).
2. State revenue has essentially been growing with the economy.
3. More than half the growth in the state budget since 2000 has been in three program areas – corrections, public employee health benefits and Medicaid.
4. Spending growth in these three areas is unsustainable and is draining resources away from education, the Chamber's number one policy priority.

The Chamber's efforts to raise awareness of these facts among Kentucky's lawmakers resulted in some minor, but welcome, changes during the 2010 Session. These included reductions in Medicaid and corrections spending, a slowing of the growth in state employee health insurance costs and a comprehensive study of the state's corrections system. The level of spending, however, is still unsustainable, and the state must act deliberately to institute management strategies that work.

Changing Priorities: 2000-2010 Spending Growth



The Kentucky Chamber offers the following suggestions to help Kentucky deal with these tough economic times – and to ensure our policymakers do what most Kentucky families and business leaders have done over the past few years: establish spending priorities, make tough decisions and fix the leaks that take funds away from the priority of improving education. Actions to address this unsustainable spending must occur before the discussion of additional revenue opportunities should begin.

Prioritize Government Spending

In the past 20 years, Kentucky's General Fund appropriations have increased almost threefold — from \$6.5 billion in FY 1986-88 to \$18.5 billion in FY 2008-10.¹ Despite the fact that tax revenue is growing with our economy, our state's spending priorities are shifting. Over the past 20 years, the share of the General Fund dedicated to K-12 and postsecondary education has been declining while significant spending growth has occurred in Medicaid, corrections and public employee benefit costs. Medicaid's share of the General Fund has doubled in the past 20 years, from 6.5% in FY 1986-88 to more than 13% in



FY 2010. Corrections spending has skyrocketed; in FY 1987-88, the total Corrections budget was \$115.7 million. By FY 2010, it had almost quadrupled to \$464.8 million. Public employee benefit costs are up 174% over the last decade.

Consideration of new or increased taxes or fees should occur only after exhausting all reasonable opportunities to reduce spending and increase efficiency. Streamlining services, consolidating departments, eliminating ineffective programs, initiating responsible personnel compensation and benefit policies and other efforts to maximize the performance of public funds are examples of such fiscally responsible public operations.

The Kentucky Chamber believes achieving a fiscally responsible state budget that promotes economic development will require a significant review of current spending trends and a shift in funding to our priorities of education and economic development. If not, we will continue to bear the high costs through unsustainable increases to treat poverty, crime and poor health. Programs that contribute to unsustainable growth in General Fund obligations should not be permitted to unduly consume tax dollars that could otherwise be invested in basic public priorities such as education and economic development.

Ensure Sustainable Public Employee Benefits

As public retirement and health care costs escalate, they are draining money away from such vital programs as education, and their continued increases put essential services at both the state and local level at risk. In FY 2010, state government paid an estimated \$1.2 billion a year for health insurance for public employees, and these costs have been growing at a higher rate than inflation. K-12 funding, especially any new money, is being consumed by the increased costs of health insurance and retirement.

As the General Assembly works to meet the obligations made to public employees, it will become clear that additional changes to health and retirement benefits will be needed. Additional meaningful reform must take into consideration issues that private employers have addressed, including changes to eligibility requirements, pension benefits and health care benefits.

Monitor Debt Levels

The future of Kentucky's finances depends in large measure on its ability to manage debt in a way that is disciplined and effective. Borrowing for long-term capital projects of broadly recognized economic and social value is an appropriate use of public debt. However, debt must be limited to a level that is sustainable and does not adversely impact the overall credit rating of the Commonwealth.

In recent years, Kentucky has turned increasingly to issuing bonds to sustain the growth in government spending. Total state and local debt in Kentucky measures more than \$7,770 for each of the state's 4.2 million people. This is more than \$400 above the national average and places Kentucky 14th in government debt per capita.ⁱⁱ The Chamber

believes the level of state debt should be closely monitored. Projects that have a related revenue stream or can create budgetary savings should receive priority consideration, and every project considered for financing should have a defined, supportable plan for repaying the debt service.

Modernize Medicaid

Kentucky's Medicaid budget has been growing at a rate that is more than double that of total state government spending since 2000. This rapid growth in Medicaid is pulling funds away from education, further compounding the problem because, as research shows, better education is linked to better health.

The key challenge is finding a way to slow unsustainable Medicaid spending increases without inflicting harm on Medicaid recipients and health care providers. The Kentucky Chamber believes some potential answers could result from making the Medicaid program resemble a private insurance model:

- **Expand Medicaid Managed Care:** Except for the Jefferson County region, the Kentucky Medicaid program is based essentially on a fee-for-service model that was abandoned long ago in the private market as an inefficient way to provide care. Studies suggest that Medicaid managed care programs can save anywhere from 1% to as much as 20% over the traditional fee-for-service model. Kentucky has experience with managed care with the Passport Health Plan that was created 10 years ago in Jefferson and 15 surrounding counties to serve Medicaid recipients. The Kentucky Chamber believes Medicaid managed care should be expanded as soon as possible in the more populous areas of Kentucky where it could be supported.
- **Incorporate Wellness Into Medicaid:** A best practice identified by the National Governor's Association Center for Best Practices is for states to incorporate more wellness activities into Medicaid programs. The Kentucky Chamber supports offering financial incentives to Medicaid recipients who maintain healthy behaviors.
- **Program Administration:** The Chamber believes additional areas that should be explored for possible savings include:
 1. Improving the "error rate" – reducing overpayments to providers and ensuring the correct determination of recipient eligibility.
 2. Ensuring that child support orders require non-custodial parents with access to health insurance to provide coverage for their children (as permitted by Kentucky law).
 3. Increasing the use of generic drugs by Medicaid recipients.
 4. Revisiting the use of significant co-pays for recipients at higher income levels.

i Overview: Kentucky State Government Budgets, Fiscal Years 1986-88 through 2008-10, Taylor-Gray Associates, September 2008

ii State and Local Debt Per Capita—2006, Governing State and Local Sourcebook



Health & Wellness

Promoting the health and wellness of all Kentucky citizens

There is a growing sense of crisis in the business community about the unsustainable upward trend of health care costs, particularly for small businesses. Over the past decade, employers have been increasingly forced to consider such undesirable cost-containment strategies as reducing employee benefits, shifting more and more costs to employees, dropping coverage altogether or increasing consumer prices to recoup their higher costs. The Kentucky Chamber encourages state lawmakers to focus on policies that improve the health of our citizens through cost-effective, evidence-based care along with wellness programs and other prevention measures.

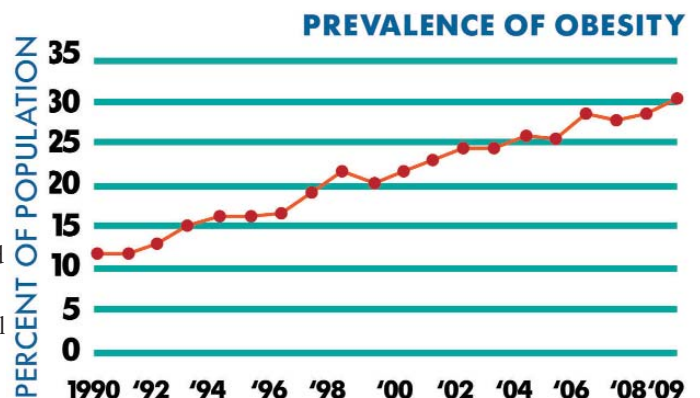
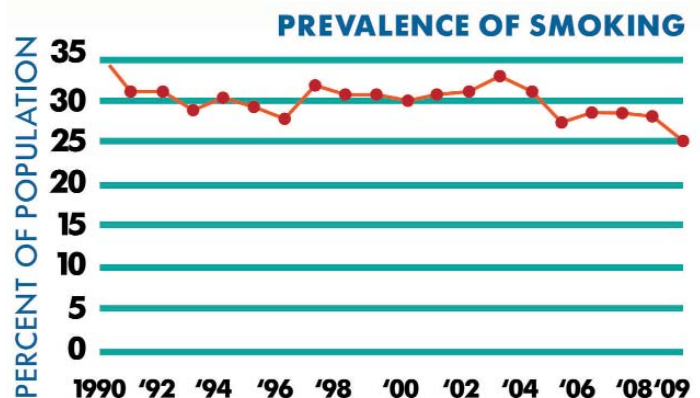
Monitor Implementation of the New Health Care Law

On March 23, 2010, President Obama signed the Patient Protection and Affordable Care Act into law. The new health care reform law represents a wholesale change to our nation's health care system, and the Kentucky Chamber is concerned that employers who have been providing voluntary health insurance will now be faced with mandated coverage, new structures on benefit design and increased taxes or penalties.

The effect of the law on employers will not be fully realized until the numerous federal regulations are written. As these regulations are finalized, Kentucky officials and policymakers will have to act quickly to develop and implement changes in our state's health care programs and systems to comply with the law. The Chamber is monitoring these regulations and has already weighed in with federal and state agencies. To ensure businesses around Kentucky can provide affordable, accessible health care to their employees and not be burdened by overarching regulations and penalties, the Chamber will continue to look for opportunities to shape the law in a way that benefits employers.

Promote Wellness for all Kentucky Citizens

Collectively, Kentucky is one of the nation's most unhealthy populations. The Commonwealth consistently ranks at or near the



top of the list in smoking rates, obesity levels and a host of other poor health indicators. Naturally, the costs of treating disease and illness in Kentucky have also risen to meet the higher demand for health care services in our state.

To reverse the culture of poor health in Kentucky and promote an underutilized health care cost control measure, the Kentucky Chamber supports legislation that provides incentives for the creation of wellness programs, whereby businesses educate and encourage their employees to engage in healthy lifestyles and other preventive care measures. The Chamber is encouraged that the new health care reform law broadens wellness initiatives by providing



grants to certain small employers and increasing incentive limits.

The Chamber also supports government programs and policies that help provide education and assistance

for companies, organizations and individuals to promote health and wellness throughout Kentucky. These efforts should focus on encouraging a level of personal responsibility for one's health and on a balanced approach that educates children in schools about healthy eating habits and physical activity as a way to avoid the disastrous consequences of childhood obesity. Childhood obesity is particularly troubling because the extra pounds often start kids on the path to health problems that were once confined to adults, such as diabetes, high blood pressure and high cholesterol.

Reduce Smoking in the Commonwealth

According to the U.S. Centers for Disease Control and Prevention, Kentucky leads the nation in the number of adult smokers with 25.2% of the population. The situation is not improving with our youth – Kentucky is first in the nation in smoking prevalence among both middle and high school students. Smoking-attributable health expenditures are estimated at more than \$1.1 billion annually in Kentucky, and the smoking-attributable economic productivity loss in Kentucky is estimated at more than \$2 billion each year. While the Chamber is not typically supportive of policies that focus on a particular business or industry disproportionately, the body of evidence on smoking and its negative impact on public health and the economy are too significant to ignore.

Kentuckians' health scored two major victories during the 2010 Regular Session with the funding of the Medicaid smoking cessation program and the passing of HB 165, which clarified Kentucky's

Kentucky has 213 doctors per 100,000 residents, compared to the national average of 267. The state would need an additional 2,298 doctors just to be on par with the national average.

- Kentucky Institute of Medicine

employment discrimination laws to allow employers and insurers to treat smokers differently than non-smokers. Despite these advances, the business community believes our leaders need to continue to improve Kentucky's public policies with regard to smoking. Educating children and the public on the health hazards of smoking and second-hand smoke should be a priority, and public policies that discourage smoking should be explored, including the feasibility of a statewide anti-smoking policy in public buildings and expansion of the current law for government-owned property.

Increase the Number of Health Care Professionals in Kentucky

Many areas of Kentucky are underserved by health care professionals – contributing to poor access and higher medical costs for Kentucky's citizens. More than two-thirds of Kentucky's 120 counties have been officially designated as health professional shortage areas (HPSA) for primary care by the Health Resources and Services Administration (HRSA). In addition, Kentucky lacks sufficient numbers of physician specialists, nurses, pharmacists, dentists, mental health professionals and allied health personnel. This lack of skilled professionals contributes to fewer regular check-ups, poorer health and higher costs to the medical system over the long term. Kentucky's aging population makes this a particularly critical issue.

To help reverse this disturbing trend, the Kentucky Chamber supports a comprehensive state strategy to increase the number of health care professionals trained in Kentucky as well as innovative approaches to encourage them to practice here. This strategy should ensure that our postsecondary education institutions providing medical training are adequately funded, held accountable for increasing enrollment and encouraged to explore the devel-





opment of economic incentives as well as expanded tuition assistance and loan repayment programs that would include a requirement to practice in Kentucky for a set period of time. Additional incentives should be available for underserved counties and regions based on the particular need of each area. Lack of affordable training should not be a deterrent for talented students to enter the health care profession.

With the new health care reform law expanding the number of insured Kentuckians and those covered by Medicaid, the need for health care professionals will be even greater. The Chamber encourages state officials to utilize provisions contained in the law to increase the workforce supply and training programs.

Promote Informed Health Care Consumerism

Consumers need access to information about the cost of health care and the quality of services provided to make informed and cost-conscious choices when selecting a health care provider. The Kentucky General Assembly made great strides in 2008 by passing the Chamber-led transparency initiative, which requires the Cabinet for Health and Family Services to provide regular reports to consumers of health care costs, quality indicators and results.

Without this effort, such information is almost entirely absent from today's health care marketplace, preventing Kentuckians from making informed choices when they purchase health care services. Over time, making this comprehensive information easily available to consumers may serve to contain increases in health care spending by government, businesses and individuals. Only when consumers know the price and value of health care services will they be empowered to make the best possible choices for themselves and their families.

Improve Kentucky's Medical Liability Climate

The rising costs associated with medical malpractice liability are taking a significant financial toll on the health care industry, resulting in increased costs for consumers and a continued inability to attract and retain sufficient numbers of physicians in all regions of the Commonwealth. The high price of liability insurance and the lack of reasonable tort limitations in Kentucky have contributed to the shortage of medical professionals.

To curb this disturbing trend, the Kentucky Chamber supports allowing voters to consider a constitutional amendment that would permit the legislature to consider comprehensive tort reform. State and federal lawmakers should pass reasonable limits on damages and require alternative dispute resolution to help reduce escalating malpractice insurance premiums and the resulting burden passed on to consumers in the form of higher prices, fewer health care providers and fewer choices.

Promote eHealth Policies in the Commonwealth

A number of preventable medical errors and duplication of services could be reduced significantly with the implementation of policies that encourage the use of secure electronic medical records that can be accessed by all of an individual's health care providers. This, along with electronic prescribing, can reduce duplication, improve delivery of services and save lives.

Expand Mandate-Free Health Insurance

Because health care mandates and unnecessary regulations can add to the already high cost that consumers and employers pay for health insurance, the Kentucky Chamber supports legislation that repeals coverage requirements beyond those the federal government has implemented for all employers – not just those with 50 or fewer employees. With the cost of health insurance already creating a competitive disadvantage for many businesses, extending these mandate-free policies will allow more employers to provide health benefits to their employees.

Promote Competition in Health Insurance Market

Attracting more insurers to Kentucky is a practical and realistic means of controlling escalating costs and providing greater access to health insurance. The Kentucky Chamber calls on state government to enhance competition in the health insurance market through further deregulation of the insurance industry or any other reasonable means.

Oppose Any Willing Provider (AWP)

The Kentucky Chamber opposes Any Willing Provider provisions and supports the right of health insurance companies to negotiate exclusive contracts with health care service and product providers that offer discounted costs to consumers.

Improve Long-Term Care

With the significant aging of the population, it is increasingly important for policymakers to adopt strategies to meet the medical needs of older Kentuckians. The Chamber supports initiatives that provide greater incentive for individuals and/or employers to purchase long-term care insurance policies. Additionally, the Chamber encourages policymakers to concentrate elder care resources on case management to ensure that people's needs are matched with the most appropriate care. The Chamber also believes that artificial barriers to home and community-based services should be eliminated to prevent premature institutional care.



Kentucky Competitiveness

Maximizing competitive potential in the global marketplace

The Kentucky Chamber of Commerce believes that promoting long-term economic development and job growth should be a top consideration when state revenue policies are adopted. Tax policies must be guided by a well-researched, balanced approach that provides for necessary public investments and expenditures while avoiding policies that could serve as disincentives to private-sector employment and investment.

In short, Kentucky should seek to maximize its competitive potential in the global marketplace. Taxes levied on the business community should, at a minimum, incorporate the principles of fairness, competitiveness and simplicity, and avoid double taxation or pyramiding.

It is also critical that Kentucky be successful in our efforts to promote business recruitment, as well as to retain and expand existing businesses. 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.

ECONOMIC POLICY Ensure a Competitive Tax Climate

The Kentucky General Assembly made strides in 2005 and 2006 to improve the overall tax code in the Commonwealth, particularly making business taxes more competitive. During these tough economic times, Kentucky's lawmakers are to be commended for holding the line on new or increased taxes, which heightened the state's national profile and better positioned Kentucky and its employers for recovery. In response to these actions, the Tax Foundation ranked Kentucky 20th best in its 2010 State Business Tax Climate Index, up 14 spots from last year.

The Chamber supports continued efforts to closely monitor the impact of Kentucky's tax code on business and industry and to take action when necessary to ensure Kentucky remains com-

Kentucky's Competitive Advantages and Disadvantages: 2009 (1st is best)

Advantages	Rank	Disadvantages	Rank
Security (Crime rate)	16th	Fiscal Policy (workers' compensation rates, budget deficit, # of government employees)	39th
Infrastructure (Electricity prices, travel time to work, housing costs)	14th	Human Resources (high school graduation rate, 4th grade math proficiency, % of adults in labor force, # of physicians per 100,000 residents, unemployment rate)	40th
Business Incubation (low minimum wage, union presence in workforce)	37th	Technology (academic R&D, science and engineering graduates, science & engineers as % of labor force, high technology jobs)	44th
Openness (exports and foreign investment)	22nd	Environmental Policy (toxic and carbon emissions, air quality)	35th
Source: State Competitiveness Report 2009, Beacon Hill Institute, Suffolk University			

petitive with our surrounding states. Specifically, the Chamber supports repealing or phasing out the remaining property taxes on business inventory to bring Kentucky into alignment with most other states. These burdensome taxes serve as a disincentive to business growth because they tax the investment itself rather than the outcome or profit from that investment. Furthermore, some types of inventory are exempt by law or enjoy exemption because of location, while other, similar business inventory does not receive the same treatment.

While taxing products as they are sold is a widely accepted form of state revenue generation, taxing products in inventory because they have yet to be sold is simply counterproductive, especially when unequal tax treatment exists.

In addition, the Chamber is concerned about the impact on economic development due to the trend in other states to move to



a single sales factor apportionment formula, adopted by five of Kentucky's neighboring states in recent years. Under Kentucky's current double-weighted sales factor apportionment formula, as payroll and property within the state's borders increase, a company's effective state tax also increases. This can be perceived as penalizing the company for bringing jobs and investment to the Commonwealth. The Chamber is also concerned about the effects of the Limited Liability Entity Tax (LLET) and the lack of ability to offset pass-through credits against taxes on income from other businesses and other years. The Chamber supports additional efforts to adjust our tax code to encourage economic development and entrepreneurial investment in Kentucky.

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

ness community. Exporting products from Kentucky will retain and create jobs, grow our businesses and strengthen our state's bottom line.

COMPETITIVE WORKFORCE

Today's fast-paced, highly competitive economic environment means that recruiting, training and continuously investing in employees is a top priority for most companies. Kentucky employers are meeting these challenges every day – even as it gets more and more difficult to find individuals with the right skills and the right attitude.

Enhance Workforce Flexibility

State policymakers must support employers as they invest in the Commonwealth's workforce. As employers embrace their responsibility to provide a safe working environment and create honest, open dialogue with employees, businesses must have the flexibility to manage their workforce needs within the confines of a job mar-

ket that rewards higher skills and high levels of dedication and commitment.

It is within this context that the Kentucky Chamber opposes state and local wage mandates that go beyond federal requirements.

When state or local gov-

ernments attempt to mandate wage and benefit thresholds, safety regulations or additional standards that go beyond what is necessary to provide proven, uniform protections, the added cost of doing business – and the lack of focus on the real issues that could make a difference – decreases Kentucky's overall competitiveness, particularly with our border and peer states.

A positive development for the Kentucky business community was the General Assembly's passage of landmark unemployment insurance reform during the 2010 Special Session. The legislation represents a strong compromise between business and labor as it updates the current unemployment insurance system in Kentucky, revives the depleted unemployment insurance trust fund, prevents further borrowing from the federal government and keeps Kentucky competitive with other states.

The Chamber supports continued efforts to monitor the implementation of the legislation, particularly the process changes intended to improve the integrity of the program and how the state plans to pay back interest still owed to the federal government.

“Kentucky rose through the ranks faster than any other state this year, up 14 spots from 34th best in the 2009 Index to 20th this year. That might be surprising to Kentuckians who have not seen much change in their tax system, but sometimes standing fast is a virtue.”

- 2010 State Business Tax Climate Index, Tax Foundation

strategically defined industry sectors and promotion of small businesses. Further, the Chamber supports the enhancement of entrepreneurial development incentives, like the new market tax credit passed during the 2010 Special Session, 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 for Economic Development operates.

Grow Kentucky's Exports

With 95% of today's market opportunities outside the United States, Kentucky must recognize and capitalize on its export advantage in international trade. Its geographic location in the United States, its status as headquarters for an international logistics provider, and its trained and growing transportation workforce positions Kentucky to be a leader in the export of Made-in-America products. The Kentucky Chamber encourages and supports all efforts by state leaders to provide export training and promote the benefits of global trade to our busi-



Enact Right-to-Work Legislation

The Kentucky Chamber believes every worker is entitled to make his/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, in many situations the same is not true for workers who want to exercise the right not to participate. We believe 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.

States with right-to-work laws report faster per capita income growth, faster growth in manufacturing and nonagricultural jobs, greater capital expenditures, lower unemployment and fewer work stoppages. 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.

Oppose the Employee Free Choice Act

“If you’re not a right-to-work state, you’re not in the game.”

- Bob Goforth, leading plant selection consultant

The Kentucky Chamber opposes the Employee Free Choice Act (EFCA) currently being considered by Congress. EFCA will radically restructure 60 years of carefully crafted labor law balances that have served both unions and employers well for many decades.

EFCA consists of three main provisions, each of which is unacceptable to business: elimination of the secret ballot and a move toward the card check process, government-imposed arbitration and unreasonable and one-sided penalty expansion directed at employers.

As public and congressional support for EFCA has diminished, several compromises have been proposed, including the removal of the card check provision. However, many of these compromises do as much harm to businesses throughout the Commonwealth as the original proposal. The Kentucky Chamber will continue to voice its strong opposition to EFCA, any efforts to impose EFCA through administrative actions and other proposals that upend decades of settled labor law at the expense of both employees and employers.

Support Paycheck Protection

Although requiring employers to deduct taxes from an employee's pay is a common and accepted practice, forcing businesses to administer payroll deductions to support the political activities of unions without compensation is a significant and unjustified intrusion

into the administrative affairs of a company.

The Kentucky Chamber supports legislation that repeals the employer mandate to withhold union dues from an employee's salary.

Revise Kentucky's Prevailing Wage Laws

While total repeal of the state prevailing wage law has long been and remains a goal advocated by the Kentucky Chamber, the Chamber supports a series of steps that would make Kentucky's economic and infrastructure development more competitive in the near term:

— Kentucky's prevailing wage laws must be made more representative of local wages by utilizing more effective methods of data collection than through the current hearings process. Additionally, wages paid to workers on previous prevailing wage projects must be excluded from calculations for later projects, and the use of the majority wage should be discontinued.

— The definition of localities should be replaced with definitions that would reduce the number of unrelated counties grouped together. This would particularly help Kentucky's border counties, as well as counties that are grouped with larger urban areas.

— If no changes are made to make Kentucky's prevailing wage determination process more representative of local wages, federal prevailing wages should be adopted wherever they exist. However,

if the accuracy of Kentucky's determination process is improved and more accurately reflects local wage rates, the use of federal prevailing wage rates should cease and be replaced with the improved state determinations.

— Kentucky should reinstate a prevailing wage exemption on education projects. Kentucky taxpayers' cost on new educational facilities and maintenance in primary through postsecondary education has increased substantially since the prevailing wage exemption was repealed by the General Assembly in 1996. By once again allowing an exemption for educational projects, higher investments can be made in technology, improved facilities and in the classroom.

Despite a 2001 analysis by the Kentucky Legislative Research Commission recommending numerous changes to make the state's prevailing wages more representative of local wages, the General Assembly has failed to revise existing prevailing wage laws.

Improve Workers' Compensation

In 1996, the passage of the Kentucky Workers' Compensation Act brought sweeping reforms to one of the most flawed and expensive workers' claims programs in the country. For a time, the business community believed the pendulum of public policy had



finally come to rest at the center. Unfortunately, recent years have seen some elements of reform diminished or overturned by Administrative Law Judges (ALJs) and the courts. Additionally, higher medical costs are putting substantial strain upon the workers' comp system.

The Kentucky Chamber believes an equitable workers' compensation program must clearly define injury and disability, require independent medical examinations and objective medical findings, protect the integrity of exclusive remedy and minimize litigation. The Chamber supports legislation that overturns case law that runs counter to these core principles, as well as legislative and regulatory efforts to control rising medical and prescription drug costs. Enacting legislation that controls runaway medical costs generates substantial cost savings for employers, and can be done while ensuring high levels of service to injured workers.

In 2009, Kentucky's average cost per case for a workers' compensation medical claim was \$35,000, compared to the national average of \$27,000.

- NCCI Kentucky's Workers' Compensation Advisory Forum, Aug. 2010

While the devastating effects of drug and alcohol abuse on families and communities are well documented, the negative impact on employers is also significant. Higher absenteeism, theft, lost productivity, increased workers' compensation claims and employee replacement costs are just a few examples of the strains put on business by substance abuse in the workplace.

To counter this growing problem in Kentucky, the Chamber encourages passage of legislation that empowers employers to be effective allies in the fight against illegal drug use. To help protect employees and promote a non-threatening workplace environment, the Kentucky Chamber also opposes any expansion of the current concealed/carry laws that would allow employees to bring deadly weapons into the workplace.

Stop Expansion of Public Employee Collective Bargaining

The Kentucky Chamber is firmly opposed to any local or statewide expansion of public employee collective bargaining. The expansion of public employee collective bargaining can lead to inefficient administration of public duties, increased costs to taxpayers and an increased likelihood of interruptions of essential government services to the detriment of all Kentuckians.

INFRASTRUCTURE

Develop and Maintain Infrastructure

Kentucky must realize 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 greater emphasis on building and maintaining our state's infrastructure. Our focus must include energy, water, sewer, broadband and transportation systems.

Expand Telecom 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 their productivity by communicating through e-mail, promoting their 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. To achieve this goal, we believe that policymakers must protect the integrity of the dedicated Road Fund by refusing to divert road funds to pay for what should be General Fund obligations.

CIVIL JUSTICE

Promote an Equitable Civil Justice System

The increasing cost of civil litigation, whether through 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 a Uniform Statute of Limitations Law

Kentucky's five-year time period on employee wrongful termination or discrimination lawsuits places an inordinate requirement on employers. The Chamber supports changes to state law that would make all employment discharge and discrimination-type actions more uniform. The statute of limitations on wrongful termination or discrimination cases arising out of the employment relationship should be no more than two years after cessation of employment.

KENTUCKY'S SIGNATURE INDUSTRIES

Develop Pro-Business Energy Strategies

Kentucky is well-known for its abundant coal resources, and the state'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 policymakers to continue to maximize our state's opportunities for long-term growth and development while preserving Kentucky's low energy costs.

Promote State's Equine and Distilling Industries

Kentucky's equine industry is world renowned, with an impact of more than \$4 billion to the state's economy, and is responsible for more than 80,000-100,000 full-time equivalent jobs in our state. Because of the substantial economic impact, 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.

The Kentucky Chamber believes expanded gaming is a reasonable and appropriate policy measure to recoup the hundreds of millions of tax dollars being lost annually to casino gaming in neighboring states. Such a move would also help ensure the economic competitiveness of Kentucky's equine industry and provide additional revenue for high-yield public investments like education. The Chamber encourages the General Assembly to authorize alternative gaming options to provide a much-needed boost to the state's equine industry.

Kentucky's distilling industry also has a significant impact on the state's economy, producing 95% of the world's bourbon and \$1.5 billion in sales while generating \$125 million a year in taxes. Despite the economic recession and drop in manufacturing jobs, distilling employment rose 6% over the past decade, and the industry has helped create 10,000 jobs with an annual payroll of \$442 million. The Chamber strongly supports initiatives to protect and grow this iconic industry and is concerned that Kentucky now has the second highest distilled spirit taxes of any open-market state in the country, behind only Alaska. For Kentucky to maintain its dominance in the bourbon industry, the General Assembly must revise burdensome tax policies that threaten to force distilling operations to move out of state.





Energy & Environment

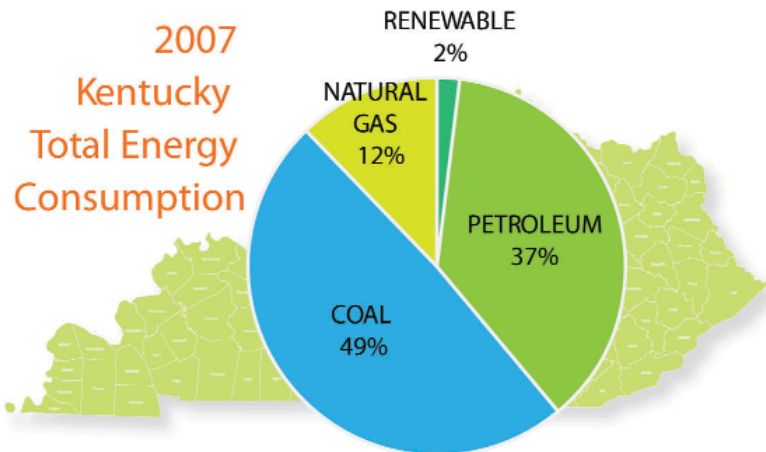
Supporting incentives for businesses who are proactive in energy conservation

The Kentucky Chamber of Commerce believes economic growth, energy independence and environmental protection are compatible and complementary goals. We recognize that legitimate uses of the environment should be protected and that business activities may affect environmental quality. To achieve rational regulatory objectives, the Chamber encourages legislative and administrative actions that satisfy the following criteria:

Scientific Validity - The need for government action should be established on the basis of objective information on which meaningful consensus can be achieved. Such information should demonstrate that any proposed action would cost-effectively result in the avoidance of environmental harms or the creation of environmental benefits.

Technical Feasibility - To achieve the true objective of environmental regulation, government must consider technical feasibility in setting standards. In addition, government should be a conduit for information on available control technologies for businesses.

Economic Rationality - Government action and requirements for compliance should reflect a proper balance of the benefits provided by a standard and the cost to society of achieving it. In setting standards, an agency should consider the impact of standards on jobs, low income groups and the ability of business to operate profitably within the confines of any legal framework. Also, state government, utilities and businesses should work hand-in-hand to maintain a process to balance the ratepayers' desires for competitive rates, incentivize energy production innovations and clean coal technologies and encourage energy efficiency opportunities.



Strive for Energy Independence and a Pro-Energy Economic Policy

The Kentucky Chamber is encouraged by the General Assembly's recent efforts to foster Kentucky's energy independence. The Chamber recognizes energy conservation and efficiency as high-priority energy strategies. The Chamber strongly supports incentives for businesses that go above and beyond existing environmental standards and for those who are pro-active in promoting conservation and efficiency. State government should join with business to find creative solutions to help reduce the upfront costs associated with implementing conservation and efficiency measures. The Kentucky Chamber also supports the utilization of Kentucky's abundant coal resources to provide much needed electric power. We also support the development of alternative energy sources and capital investment in Kentucky's energy infrastructure. The Commonwealth of Kentucky currently has a moratorium on the development of nuclear power plants. Lifting this moratorium would help bring cost-effective and environmentally friendly energy solutions to Kentucky, while having a positive economic impact. With new pollution control technologies and other innovations, more energy development is possible while protecting Kentucky's environment.



Sensible Regulatory Approach

The Kentucky Chamber supports efforts by the Kentucky Energy and Environment Cabinet to ensure existing environmental laws and regulations are applied and enforced in a consistent, non-discriminatory manner at both public and private facilities. In addition, the Chamber urges the Cabinet to aggressively assert its authority as primary administrator of delegated environmental programs in cases where the United States Environmental Protection Agency attempts to overstep its oversight role or demand action that is inconsistent with past state regulatory actions or determinations.

Currently, USEPA is promulgating an unprecedented number of federal mandates that will have significant impact on the businesses and residents of Kentucky.

Those attempts at regulation from USEPA without legislative authority include:

- Greenhouse gas regulations under the Clean Air Act, triggering first time monitoring and permitting regulations that will trigger Best Available Control Technology for greenhouse gases.
- Revisions to National Ambient Air Quality Standards for all six criteria pollutants, regardless if the update is required by the Clean Air Act.
- Regulation of Coal Combustion Residuals under a federal program, potentially as a hazardous waste.
- Further regulation of emissions from electric generating units for sulfur dioxide and nitrogen oxides under the Proposed Transport Rule to replace the Clean Air Interstate Rule.
- First time regulation of Hazardous Air Pollutants from coal fired power plants under the Maximum Achievable Control Technology requirements.
- Water quality rules should not be issued by EPA until all costs and benefits are closely examined. EPA should ensure any new water quality regulations are flexible, efficient and recognize the role of the states to address their own water quality issues

These programs, if finalized with overly stringent requirements, will significantly impact the businesses, the economy, and the regulatory agencies in the Commonwealth. It is imperative that the General Assembly and executive offices of Kentucky weigh in on the federal rulemaking processes and use their influence to impact the outcome of these programs.

Encourage a Comprehensive Energy Strategy

The Kentucky Chamber supports the development of cost-effective renewable and alternative energy sources and the promotion of energy efficiency to foster energy independence and economic growth. The Kentucky Chamber does not oppose the concept of federal climate change legislation in principle, but points out the importance of properly addressing regional differences in current energy supplies.

The Kentucky Chamber will continue to evaluate the merits of any carbon-management legislation on a case-by-case basis. However, we continue to recognize the vital importance of Kentucky's coal resources and the impact those resources have on the economy of the Commonwealth and the U.S. as a whole. The Kentucky

Kentucky ranks third in the nation in coal production and fifth in total energy production, accounting for about one-tenth of U.S. coal production and nearly one-fourth of U.S. production east of the Mississippi River.

- U.S. Energy Information Administration

Chamber believes that a comprehensive national energy policy should focus on investing in energy production innovations including biomass, natural gas and coal technologies and avoid arbitrary mandates and punitive policies that would serve to drive up costs and stifle innovation and place citizens and businesses of Kentucky at a distinct economic disadvantage with neighboring states. Climate change policies that allow technology to spur energy innovation would continue to protect the economy of the Commonwealth while securing our nation's economic and energy future.

Promote Sensible State and Local Environmental Regulation

In considering standards for the protection for human health and the environment, federal agencies undertake an exhaustive process of reviewing available data to set standards at an appropriate level. The Chamber opposes the adoption of more stringent state and local programs that would adversely affect Kentucky's ability to remain competitive in the global economy.

When state and local governments engage in significant revisions of their environmental regulations, we strongly encourage the use of a stakeholder process for development of these programs. Any resulting regulatory framework must be based on



sound science and be both economically rational and technically feasible to achieve the laudable objective of a cleaner environment. Uniformity among federal, state and local programs helps save businesses valuable resources in compliance procedures. The Chamber opposes local government authority to enforce federal and state environmental requirements. To the extent that regulatory programs already exist at the local level, it is incumbent upon the local agency to administer a meaningful appeals process to provide adequate consideration of disputed issues prior to civil court action.

Reform Notice of Violation (NOV) Procedures

Current administrative enforcement procedures allow little flexibility or discretion on the part of inspectors. Generally, any and all violations of existing regulations and requirements result in the immediate issuance of a “notice of violation.” With the exception of immediate threats to health, safety or the environment, inspectors should have an alternative to issuing an NOV for non-compliance, as well as for a waiver of fines for first-time offenders. There is currently no end date for punitive administrative action stemming from an NOV. The Kentucky Chamber urges the General Assembly to place reasonable time limits on punitive action following the issuance of NOVs by state agencies.





Small Business Priorities

Chamber strives to foster a healthy, vibrant small business environment

Small businesses are responsible for the majority of job growth in the Commonwealth. The Chamber's Legislative Agenda recognizes the importance of small businesses in growing the Kentucky economy. Our issues are small business issues. To help foster a positive business environment that encourages job growth, the Kentucky Chamber supports the following small business priorities:

- Strongly encourage education and workforce development.
- Support equitable unemployment insurance policies.
- Advocate workers' compensation laws that protect the rights of employers.
- Promote an impartial civil justice system.
- Protect against unfair labor laws.
- Monitor the implementation of the new federal health care law.
- Maintain a watchdog role in the regulatory process.
- Oppose arbitrary wage and hour mandates.
- Advocate fair tax treatment for small businesses.
- Support entrepreneurial development and access to capital.
- Oppose state and federal encroachment into free enterprise.
- Maintain Kentucky's low-cost utility rates.





Federal Priorities

Chamber weighs in on issues with Kentucky Congressional Delegation

As the federal government's role in funding state government and other far-reaching policies are debated in Washington, it is more important than ever to stay on top of this debate to inform and help prepare member companies to deal with these changes. Just in the last year, the passage or proposal of sweeping policy changes – from the health care reform law to financial regulations to tax policies – has generated a high level of uncertainty among Kentucky businesses, limiting economic growth and new job creation. The Chamber has weighed in on a number of issues with the Kentucky Congressional Delegation, reached out to Congressional staff on a number of issues and traveled to Washington for face-to-face meetings. We also maintain our involvement in federal issues with coalition partners and our relationship with national business advocacy groups. To help foster a positive business environment to support job growth, the Kentucky Chamber supports the following federal priorities:

Support the formation of rules, regulations and changes to the new health care reform law that:

- Encourage wellness and prevention.
- Provide favorable tax treatment for employer-sponsored coverage.
- Do not arbitrarily impose additional costs on business.
- Promote personal responsibility and consumerism.

Support sensible environmental policies that:

- Support the use of renewable and alternative energy.
- Will protect our nation's economic competitiveness.
- Promote innovation and technology as a solution.
- Recognize coal as an important part of our energy mix.
- Promote sensible regulatory enforcement from USEPA.
- Will not place Kentucky at a distinct economic disadvantage.

Support labor laws that:

- Protect secret ballot elections to form unions.
- Maintain a company's ability to educate employees.
- Do not include binding arbitration provisions.
- Will not impose one-sided penalties.
- Do not upend years of carefully balanced labor laws.

Support tax and budget policies that:

- Recognize a balanced approach to investments and expenditures.
- Do not place U.S. companies at a competitive disadvantage.
- Promote job growth and investment.
- Promote equity and ease of compliance.
- Are equitable to all businesses regardless of size.



Policy Councils

As part of its advocacy mission, the Kentucky Chamber has developed five public policy councils composed of business leaders from around the state and a small business committee, each of which is responsible for developing legislative positions and priorities for their respective policy areas.



Mike Owsley
English, Lucas,
Priest & Owsley

EDUCATION AND WORKFORCE COUNCIL

Kentucky's economic viability is directly linked to the education and skills of its citizens. We believe that education at all levels must be responsive to the needs of employers and all students – children and adults. With a focus on lifelong learning, the education and workforce council works to ensure that Kentucky's economy benefits from a prepared, productive and diverse workforce. The council develops policies to support and improve education at all levels.

GOVERNMENT EFFICIENCY COUNCIL

With the difficulties of budgeting for state government, it is more important than ever for the legislature to make very strategic decisions with limited resources. The government efficiency council focuses on all facets of government spending including proposed government efficiencies in the structure of government, public pension and personnel costs, public employee collective bargaining and other issues.



Brad Cowgill
SmartClaim, LLP



Rodney Bohannon
Briggs and Stratton

HEALTH AND WELLNESS COUNCIL

Rising health care costs have become a significant fiscal threat to Kentucky's businesses. As such, the health and wellness council is focused on developing comprehensive, long-term solutions to help slow the ever-increasing costs of health care in Kentucky and to promote public policies that will help improve the overall health and well-being of Kentucky's citizens.

KENTUCKY COMPETITIVENESS COUNCIL

By promoting business recruitment, retention and expansion, the competitiveness council seeks to increase Kentucky's competitiveness, not only with our border states, but with competitors around the world. To achieve that goal, the council is actively engaged in policy initiatives aimed at modernizing the economy, creating jobs, supporting state income and expenditure practices that promote long-term economic growth in Kentucky and improving the quality of life for all citizens.



Dan Bork
Lexmark



Carolyn Brown
Greenebaum Doll
and McDonald

ENERGY AND ENVIRONMENTAL COUNCIL

The energy and environmental council seeks to promote Kentucky as an energy leader and supports policies to achieve environmental protection without unnecessarily hindering economic development and business growth. Its members support legislative and administrative actions that are scientifically valid, technically feasible and economically rational.

SMALL BUSINESS COMMITTEE

Because small businesses are often disproportionately affected by challenges facing the economy, the small business committee focuses on ensuring the broad range of issues of particular importance to small business owners are adequately represented in the Chamber's policy development process.



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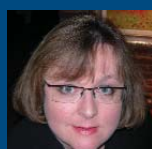
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