



Ashli Watts
President & CEO

April 30, 2021

The Honorable Mitch McConnell
US Senate
317 Russell Senate Office Building
Washington, DC 20510

Dear Leader McConnell,

The Kentucky Chamber has been closely monitoring conversations in Washington regarding President Biden's American Jobs Plan. While we appreciate and support elements of the broader proposal, Kentucky's business community encourages lawmakers and the administration to focus on more specific infrastructure investments and to avoid anti-business tax measures that would harm Kentucky's economy.

The Chamber has long supported investment in Kentucky's roads, highways, bridges, ports, rail, waterways, and other areas of key transportation infrastructure. When the American Society of Civil Engineers [last reviewed](#) Kentucky's infrastructure in 2019, it assigned the Commonwealth a C-, straddling the line between mediocre and poor. Kentucky's roads received a D+. These conditions function as a drag on Kentucky's economy, which relies heavily on a multi-modal transportation network to drive logistics, manufacturing, and other critical economic sectors. In our 2017 report, a [Citizens Guide to Kentucky Infrastructure](#), the Chamber noted that our poor road conditions cost Kentucky motorists \$4 billion per year. Addressing these deficiencies through investment in infrastructure could lead to significant economic benefits. [One analysis](#), in fact, estimated a benefit-cost ratio of \$5 in return for every \$1 invested in Kentucky's transportation infrastructure. With these factors in mind, we urge members of Kentucky's congressional delegation to focus their efforts on supporting investment in key areas of transportation infrastructure.

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How these investments are funded, of course, matters greatly. Kentucky's business community has significant concerns about the tax measures proposed in the American Jobs Plan. Raising the corporate income tax rate from 21 percent to 28 percent, for example, would eliminate an [estimated](#) 159,000 jobs and reduce both wages and U.S. economic output. (Counterproposals to increase the rate to 25 percent instead of the proposed 28 percent would eliminate an estimated 84,000 jobs.) In addition, a 28 percent federal tax rate, when combined with the average state corporate tax rate, would make America's combined federal-state corporate tax rate the [highest](#) among OECD countries, at 32.34 percent. Another [damaging proposal](#) is the proposed minimum tax on "book" income, which reintroduces new layers of complexity to the federal tax code that the 2017 Tax Cuts and Jobs Act addressed by repealing the corporate alternative minimum tax. [Analysts](#) have found that the complexity introduced by this proposal would result in neither increased "tax fairness" nor significant new federal revenues in the long term.

Instead of pursuing anti-business tax measures that would harm economic growth, the Kentucky Chamber supports other funding streams such as user-based fees and granting states and localities increased flexibility in appropriating funds from the American Rescue Plan Act. It is critical that Congress ensure that the methods used to fund infrastructure investment do not end up negating the positive economic benefits that come with investment – which is what we fear would be the result of the American Jobs Plan, as proposed by the White House.

We encourage Congress and the Administration to keep up the momentum in conversations regarding infrastructure investment, which is badly needed in Kentucky. However, we must all work together to identify the most appropriate and effective paths forward to fund these investments.

Sincerely,

A handwritten signature in cursive script that reads "Ashli Watts".

Ashli Watts
President & CEO
Kentucky Chamber of Commerce