



Greater Owensboro

CHAMBER OF COMMERCE

2007 Legislative Policy Positions FINAL

EDUCATION:

School systems play an increasingly vital role in economic development and preparation of tomorrow's workforce. Today, like never before, students must graduate with a mastery of basic skills and a mindset for lifelong learning.

Chamber's position: The Chamber is a strong supporter of the need for state funding of Phase II of the Advanced Technology Center on the campus of OCTC. Phase I is under construction and the Chamber supports a budget amendment during the 2007 General Assembly to fund Phase II and complete the entire center in the most efficient manner. The Chamber also supports allowing Kentucky to join the 43 other states that allow public universities to issue their own revenue bonds to finance building projects that generate sufficient income to cover their costs.

The Chamber also supports one other initiative to further enhance education achievement. The community and business leaders should be involved in public education decisions and advancement. The Chamber supports the inclusion of two community members on each school's site-based council—one of whom should be a private-sector employer with no children enrolled at the school.

HEALTHCARE:

The cost of healthcare and insurance rates for businesses continues to be a hurdle. A poll of Chamber members in August of 2006 showed that 83% consider healthcare insurance costs to be a "major concern" or "big concern." Costs not only impact business' bottom line but also their ability to attract and retain key employees. Healthcare cost issues will require national attention, but the Kentucky legislature has approved "mandate light" plans and the Insurance Coverage Affordability and Relief to Small Employers (ICARE) plan the past two years. The Chamber supports these efforts, but insurance companies have yet to offer "mandate light" plans.

Chamber's position: The Chamber supports four initiatives that would help lower healthcare costs:

- 1) Medical malpractice reform: *Constitutional and statutory changes are needed to limit frivolous litigation that often results in the practice of "defensive medicine" and increased healthcare costs. This is especially important to a regional medical community like Owensboro where Owensboro Medical Health System competes with states that have medical malpractice caps for needed physicians. Fewer healthcare providers is not a trend that will help provide options for Kentuckians.*
- 2) More competition: *Changes that would promote more competition and options in the health care insurance market are needed, particularly for small businesses which are*

not allowed to participate in self-insured programs that are available to larger employers.

- 3) *HSA tax conformity: Conformity with the federal tax code on the treatment of Health Savings Accounts (HSAs), which are growing in popularity and give employees more control over the spending of their healthcare dollars.*
- 4) *Wellness program incentives: Tax credits for companies that initiate and offer comprehensive wellness programs for their employees.*

WORKER'S COMPENSATION:

One result of rising healthcare costs has been its effect on the costs of Worker's Compensation in Kentucky. Changes enacted in 1996 by the General Assembly brought much-needed cost relief to the system while still providing proper treatment for injured workers. However, many elements of the 1996 reform have been eroded or overturned by the courts.

Chamber's position: New reforms are needed to bring Worker's Compensation costs for employers down while still providing fair benefits for those in need. The Chamber supports efforts to clearly define injury and disability, to limit unlimited lifetime disability claims and to minimize litigation. To promote safer workplaces and curtail Worker's Compensation claims, the Chamber supports initiatives to provide Worker's Compensation insurance discounts to employers that voluntarily implement workplace drug testing programs.

CONCEALED-CARRY LAWS:

During the 2006 General Assembly, legislation was passed that makes it unlawful for an employer to prohibit anyone, including employees, from having a firearm or ammunition in a vehicle if that individual is legally allowed to possess a firearm. This effectively means employers cannot prohibit employees from bringing firearms onto the employer's property. At a time when employers are increasingly concerned about workplace safety, this law seems counterintuitive.

Chamber's position: The Chamber opposes any expansion in the current concealed-carry law and its relation to the workplace.

TAX LEAKAGE:

Owensboro and Daviess County is a donor community to state government. Every budget cycle, the community sends approximately \$72 million more in tax dollars to Frankfort than it receives back. Most of Kentucky's largest cities are donor communities, and some amount of subsidization of rural areas is expected. However, cities like Owensboro serve as "economic engines" for the rest of the state.

Chamber's position: Tax leakage is harming urban areas' ability to build necessary infrastructure and efficiently plan for future needs. Instead of giving cities and counties more ability to tax themselves, the Chamber urges changes to state funding formulas to insure each community is equitably funded with existing tax dollars. The Chamber also urges lawmakers to consider changes to the "rule of fifths" road funding formula. Created in 1948, the formula is the law used to distribute more than 40% of the more than half a billion dollars collected each year from the state's tax on motor fuels. The calculation should be changed with more emphasis on vehicle miles traveled instead of miles of roadway and county size.

EMPLOYEE CHOICE:

Kentucky is one of 28 states without a "Right to Work" law. "Right to Work" laws allow individual workers to decide whether or not to join a union when taking a job with a company that has a union presence. The August, 2006 membership survey showed that 81% of Chamber members believe the law should be changed to allow for employees to choose whether or not they want to be represented by a union. This show of support is one of the highest among all policy issues in the Chamber membership survey. Kentucky is the only state in the south that is not "Right to Work." The two most recent states to adopt employee choice were Idaho in 1985 and Oklahoma in 2001, and both states have seen increased economic activity after adopting "Right to Work" laws.

Chamber's position: The Chamber supports legislation that would allow every employee to determine independently whether to join the union in a company with a union presence. Employee choice is considered by most economic development experts as a way to stimulate job creation and employment opportunities.

EXPANDED GAMING:

Studies show that more than half of Kentucky's adults gamble. With Kentucky in need of additional revenue sources, the topic of expanded gaming will continue to generate considerable discussion. Indeed, Kentuckians already spend considerable money at gaming sites outside the state, but the state sees no economic return of the activity.

Chamber's position: Because of its revenue potential, the state cannot afford to ignore the issue of expanded gaming. At the same time, a casino in Owensboro would give local governments a new source of needed revenue. Expanded gaming at race tracks only would be geographically inequitable and would have a negative impact on Greater Owensboro's convention and related businesses. Expanded gaming legislation should give the citizens of Daviess County the right to determine whether to allow for a local casino license.

UNIFORM STATUTE OF LIMITATIONS ON EMPLOYEE TERMINATION SUITS:

Current Kentucky law allows employees varying time frames, up to five years after cessation of employment, to bring a wrongful termination or discrimination lawsuit. Limitations in many states are three years or less. Limitations under most federal laws affecting the employment relationship are two years or less.

Chamber's position: Kentucky's five-year time period on employee wrongful termination or discrimination lawsuits places an inordinate burden on employers. The Chamber supports changes to state statute 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.

TAX INCREMENT FINANCING DISTRICTS:

Tax increment financing districts (TIFs) are increasingly used by a number of states to finance community improvement projects. TIFs are a means of using the increase in tax revenue of a legally defined group of properties to pay for infrastructure or other projects that encourage business development. After a number of commercially zoned parcels are legally and formally

formed into a TIF district, all of the future tax revenue in excess of the taxes that were paid before the TIF district was formed are placed in a TIF fund to be used to make approved capital improvements to attract business development. A TIF, for example, could be used to enhance the current riverfront development project in Owensboro. However, it is not clear if this type of community redevelopment project qualifies for a TIF under current Kentucky law.

Chamber's position: The City of Owensboro is preparing to begin construction on the new riverfront development project and creation of a TIF could supplement and fund other related capital projects. The Chamber supports inclusion of community redevelopment projects as another option for TIF creation in Kentucky. Five of Kentucky's seven neighboring states already have this option.