



Greater Owensboro

CHAMBER OF COMMERCE

2010 Legislative Policy Positions

TRANSPORTATION INFRASTRUCTURE:

Western Kentucky has some exciting highway transportation initiatives in the construction or planning stages that will have a positive impact for economic development. Specifically, these are the continued build of the U.S. 60 bypass extension project on Owensboro's east side—the missing link of a new corridor between I-64 to I-65—with its first segment now under construction and Interstate 69, the seven-state project that spans nine counties in Western Kentucky.

Chamber's position: The Chamber supports the preservation of state highway funds for the completion of the U.S. 60 bypass extension in the road plan. At the same time, the Chamber along with 23 other chambers of commerce in Western Kentucky supports the preservation of three parkway interchange upgrade projects along the I-69 corridor (Robards, Dawson Springs and Benton) in the road plan and the re-naming of those projects as "I-69 upgrades."

EDUCATION:

Recent legislative changes to the KERA reforms have appropriately spotlighted the importance of a successful public education system in the Commonwealth. The Chamber remains supportive of overall education accessibility, achievement and accountability.

Chamber's position: The Chamber supports these initiatives to help improve education achievement locally and across Kentucky:

- *Full funding of Phase II of the Advanced Technology Center in Daviess County: This vetoed project should be restored. Phase II funding will allow for the completion of Phase I and also provide funding for a second building for the new campus for Western Kentucky University in Owensboro. This will also assist in a seamless transition for students at Owensboro Community & Technical College and those who choose to pursue their Bachelor's Degree at WKU-O.*
- *Drop out age: A recent study commissioned by Owensboro Citizens Committee for Education showed that high school dropouts—because of their often meager wages—cost local governments in excess of \$2.2 million per year in lost occupational tax income. The Chamber supports efforts to join others states that have raised the drop out age to 18.*
- *Teacher achievement and rewards: Teachers should be well-prepared and eligible for rewards when their students show high achievement. The Chamber supports the recruiting of teachers from the top third of high school graduates going on to college and merit pay for exemplary performance.*
- *University/college bonding: The Chamber supports allowing Kentucky to join the 43 other states that allow public universities and colleges to issue their own revenue bonds to finance building projects that generate sufficient income to cover their costs.*

ECONOMIC DEVELOPMENT AND PRIVATE INVESTMENT:

The legislature has made positive strides in recent years to enhance economic development opportunities. House Bill 3 adopted during the 2009 special session included new and expanded business incentive programs to encourage job growth and capital investment in Kentucky. With the economy still recovering from one of the worst downturns in modern times, the state must stay diligent and flexible to identify growth opportunities for new investment and job creation:

- *Energy and agriculture resources: Kentucky can be a leader in the drive to find reliable sources for alternative fuels. Northwest Kentucky, in particular, is rich in natural resources, including coal reserves, agriculture and biotechnology leadership. The Chamber supports state government efforts to work with the private sector to make maximum use of these resources.*
- *Tax increment financing (TIF): In 2007, the Kentucky General Assembly made bold enhancements to the state's TIF program to help spur private/public projects around the state. The Chamber strongly discourages any action to pull back on these programs.*
- *Limited Liability Entity Tax (LLET): The LLET and the lack of ability to offset pass-through credits against tax or income from other businesses and other years needs to be corrected.*

TAX REFORM:

The Chamber supported House Bill 272 that passed the 2005 General Assembly to modernize Kentucky's tax code. While this measure was seen as progressive at the time, the recent economic downturn and resulting \$1+ billion shortfalls in the state budget highlights the outdated tax structure of state government.

Chamber's position: The Chamber believes the need for comprehensive tax reform is obvious. Reform should consider Kentucky's high average taxation and low per capita income compared to other states and develop a model that provides more consistent tax revenue while also encouraging business investment and job creation. The Chamber further believes government efficiency and the possible privatization of some state government functions should be a part of tax reform.

SUSTAINABLE PUBLIC EMPLOYEE BENEFITS:

While a 2008 special session of the Kentucky legislature enacted changes to reduce the cost of public employee benefits and their spiraling costs, public employees continue to receive healthcare benefits and retirement options that are outside the ability of most private employers to offer.

Chamber's position: When the private sector is unable to afford benefits, it must cut back. This flexibility and philosophy should be more prevalent in state government. The Chamber encourages lawmakers to continue the dialog to bring public employee benefits more in line with those in the private sector.

ENERGY POLICY:

Historically, one of Kentucky's greatest tools for economic development has been its low power costs. This is particularly true of electricity, which is primarily driven by access to coal. The U.S. House of Representatives has passed so-called "cap and trade" regulation that threatens to undermine Kentucky's power cost advantage.

Chamber's position: While the Chamber supports environmental stewardship, it must be balanced with realistic responsibility. "Cap and trade" legislation would lead to increased electric rates for

Kentucky families and business and hamper the state's ability to attract and retain jobs, particularly in the manufacturing sector.

HEALTHCARE:

Healthcare continues to be a major cost for individuals and business. A survey of Chamber members in the fall of 2009 showed that about half of those offering healthcare benefit plans have shifted more of the cost to employees in the past two years. While much of the debate will be focused on national action, the Chamber supports these state initiatives to help lower healthcare costs:

- *Expand mandate-free coverage: Kentucky has made progress to reverse the trend of costly mandates that increase insurance costs but more can be done. The Chamber discourages the addition of any mandates that would raise costs for employees and employers.*
- *Tax structure: The Chamber supports the current tax structure that encourages employer-sponsored health plans and opposes any effort to tax health benefits. Health reform should not artificially shift costs to employers' plans by a greater reliance on public plans, which reimburse at low rates.*
- *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 border community like Owensboro which competes for healthcare professionals with Indiana where medical malpractice reform is already in place.*
- *Wellness: Kentucky consistently ranks poorly in nationwide health indicators. The Chamber supports legislation that provide incentives for employer-based wellness plans that include healthy lifestyle and other preventive care measures. This should include smoking cessation programs and elimination of state law that treats smoking as a protected civil right.*

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.

WORKER'S COMPENSATION:

Positive change to the costs of Worker's Compensation in Kentucky enacted in 1996 by the General Assembly have been eroded and/or overturned by the courts. While the system must protect injured workers, its costs should not become unnecessarily cumbersome to employers or be a deterrent to business investment in the state.

Chamber's position: The Chamber strongly discourages changes that would add costs to the Worker's Compensation system. The Chamber supports efforts to clearly define injury and disability, to limit unlimited lifetime disability claims and to minimize litigation.

CIRCUIT COURT PROCEEDINGS:

Businesses wishing to challenge state statutes and/or appeal the actions of a state agency by filing suit are currently required to file with the Franklin Circuit Court in Frankfort. This serves as a deterrent to business and means that legal decisions made by that court form the basis for statute and their interpretations throughout Kentucky.

Chamber's position: The Chamber supports changes that would allow businesses to file suit in the Circuit Court in their own county of business.

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.

PREVAILING WAGE LAWS:

Prevailing wage laws currently in place in Kentucky for public construction projects of \$250,000 or more add to labor costs. In these times of dwindling state resources and the ongoing need for public facilities—particularly school buildings—the Chamber believes cost reductions are possible and warranted.

Chamber's position: The Chamber supports changes to make prevailing wage laws more representative of actual local wages. The current hearings process tends to skew the results towards higher numbers. Additionally, the definition of localities should reflect areas of more geographic equity.

TOBACCO TAXES:

Thirty-one of the 49 states that tax smokeless tobacco use the ad valorem method to calculate tax on moist snuff products. Kentucky is one of only 18 states that taxes moist snuff on a by-weight basis.

Chamber position: The Chamber supports taxing all "moist snuff" smokeless tobacco products on an ad valorem value—not by unit or by weight. This change would also serve to raise more revenues for the state.