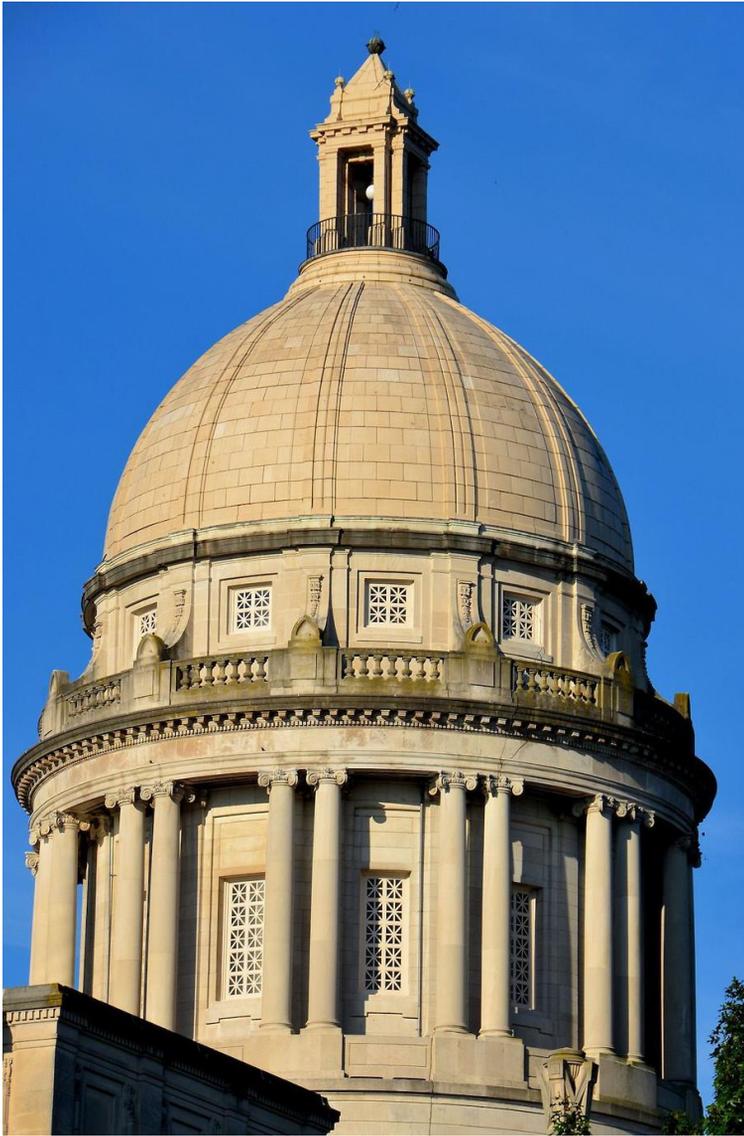


# 2019 Legislative Agenda



- **Public Policy Issues**
- **Community and Economic Development**
- **Workforce and HR**
- **Education**
- **Environmental**
- **Infrastructure and Local Transportation Projects**

*Uniting the business community through one voice*



# OVERVIEW

The Paducah Area Chamber of Commerce is the region's largest business advocacy organization representing approximately 1,000 businesses and 30,000 employees. As an investor-driven organization, the Chamber serves as the VOICE of the business community and strives to present a united effort on our community's behalf.

The positions of support or opposition the Paducah Chamber takes are first vetted by the Chamber's Business Advocacy Committee. This committee hears from experts on topics of interest, reviews documents presented and conducts research before taking a position on an issue. All positions are then reviewed by the Chamber's Board of Directors before taking a vote. Both groups are made up of business and civic leaders who are committed to growing our community's economy.

The Paducah Chamber and its partners work hard to create a community that is thriving, nationally competitive and economically diverse. Since the mid-1990s the Paducah Chamber has employed John Cooper and Capital Link to serve as our legislative agent and strategist. John actively promotes our community's legislative priorities during state and federal sessions.

For the Commonwealth and our community to be a prime location for site consultants and to encourage existing businesses to continue to expand, legislation must be approved that will stimulate a healthy, vibrant economy; provide an adequate and well-trained labor supply; and maintain quality transportation infrastructure on which companies can move their products efficiently and cost effectively.

Our community asks the General Assembly to support us in our efforts by approving policies during the 2019 Session that will move Kentucky forward to become more competitive, prosperous and business-friendly.

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# PUBLIC POLICY PRIORITIES

## Tax Reform

*Encourages* the General Assembly to continue to work to refine comprehensive tax reform that will have a positive impact on business growth and investment in the Commonwealth to include:

- **Modernize Kentucky's tax code to keep our state competitive:**

*Supports* continuing to move forward to more consumption-based taxes that could improve our competitive situation as long as these taxes are not levied on business-to-business services that would add another layer of costs to job creation.

- **Give Kentuckians the right to vote on local projects via the local option sales tax:**

*Supports* an amendment to the Constitution of Kentucky that would allow cities and counties the choice, with voter approval, to enact a local sales tax with a sunset provision dedicated to the funding of transformational local projects.

- **Community Development Fund:**

*Supports* giving *all* cities in Kentucky the ability to collect a consumer-based restaurant tax, if they choose to do so.

- **Mandatory Unitary Combined Return (MUCR):**

*Supports* the elimination of the MUCR filing requirement to the tax reform package enacted during the 2018 session.

### **Background**

The MUCR is a cause for major concern among taxpayers and will likely have consequences not intended or expected. The enactment of this makes our state an outlier in the southeast region of the country and puts the state at a competitive disadvantage when competing to attract new business from both international and domestic-based companies. It also violates the principles of bilateral tax treaties and will hurt Kentucky's international competitiveness.

- **Bank Franchise Tax:**

*Supports* repealing the bank franchise tax and allowing banks to be taxed the same way and at the same rate as other corporations in the Commonwealth.

### **Background**

Currently, Kentucky taxes its banks at a rate higher than any other state in the nation at an average effective tax rate of 13.3 percent, an average of 92 percent higher than it taxes any other corporation. This excessive taxation limits funds available for lending in support of local commerce and philanthropy in support of civic life. The state needs to join the other 78% of states who tax banks on the same basis as other corporations.

Hardest hit by the franchise tax, which is a tax on capital, are the state's community banks. Not only have they been burdened with the compliance costs that resulted from the 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act but also the huge tax burden from Kentucky's bank franchise tax.

# PUBLIC POLICY PRIORITIES *(continued)*

## Tax Reform *(continued)*

### **Non-Profit Sales Tax:**

*Supports* the repeal of sales tax on non-profit admissions and on items purchased as part of fundraising, such as live and silent auction items.

### **Background**

While nonprofits are already required to collect sales tax on admissions to museums, concerts, art exhibits and the like, House Bill 487 combined with a Kentucky Supreme Court decision expanded the sales tax to fundraising special events, recreational programming and summer camps. In March, the Kentucky Supreme Court ruled that the charitable exemption from tax found in Section 170 of the Kentucky Constitution applied only to property taxes, not to sales and use tax. The Department of Revenue representatives stated they were left with little choice but to enforce H.B. 487's sales tax collection and remittance requirements against nonprofits. The result is a tax on the individuals supporting the thousands of charities across Kentucky, an administrative burden and much confusion among Kentucky's nonprofits.

## Pension Reform

*Encourages* the 2019 General Assembly to identify a solution to Kentucky's unfunded pension liabilities that will improve transparency and ensure the financial future of Kentucky's economy is not at risk.

## Modernize Unemployment Insurance

*Supports* reforms to Kentucky's unemployment insurance benefit structure to keep costs and benefits competitive with other states and increase workforce participation. Supports efforts to provide those out of work with access to training and career counseling.

# COMMUNITY & ECONOMIC DEVELOPMENT

## **Energy**

*Supports* efforts to promote manufacturing of energy efficient and alternative energy products. Investment in energy infrastructure is critical for the state's long-term approach for a balanced energy portfolio. With the passage by Kentucky to lift the state's nuclear moratorium, we support funding to advance new nuclear energy technologies, including the manufacturing of small modular reactors, as well as efforts to re-industrialize the Paducah DOE site utilizing these and other opportunities.

## **Tourism**

*Supports* adoption of policies and programs that allow the tourism industry, which has a major impact on Kentucky's economy, to flourish; encourages investment in critical tourism marketing and infrastructure; and development of initiatives that encourage growth in a community's existing tourism assets and the attraction and creation of new opportunities. Local communities throughout the state could benefit from initiatives to grow targeted tourism sectors.

# WORKFORCE & HUMAN RESOURCES

## **Medical Liability Reform:**

*Supports* the submission to voters of an amendment to the Constitution of Kentucky that will allow the General Assembly to consider comprehensive tort reform, including setting reasonable limits on non-economic damages and requiring alternative dispute resolution to reduce escalating malpractice insurance premiums.

## **Background**

The rising costs associated with medical malpractice liability are taking a significant financial toll on the healthcare 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 have contributed to the shortage of medical professionals. We believe lawmakers should pass reasonable limits on non-economic 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. Since 2000, numerous states have passed ballot initiatives to amend their constitutions, and 16 states have passed a cap on non-economic damages. These damages are awarded by juries based on their evaluation of the pain and suffering, emotional distress and other intangible injuries that occur by the plaintive as a result of either medical malpractice or personal injuries. Juries receive minimal guidance from the court on how to make these judgements.

## **Workforce Training Efficiencies:**

*Supports* increased efforts by the State and the General Assembly to create a more efficient and effective workforce-training environment in the Commonwealth. Utilizing partners in the training of our workforce, such as West Kentucky Community and Technical College, is one of the most effective ways to ensure a well-trained and capable workforce for the Purchase Region.

## **Increase Number of Healthcare Professionals:**

*Supports* an innovative approach to increase the number of healthcare professionals in Kentucky, particularly in underserved regions.

## **Wellness Program:**

*Supports* legislation that would encourage employers to implement wellness-based programs that would provide Kentucky with a healthier and more productive workforce and would enable their employees to live longer, healthier lives.

## **Drug Addiction:**

*Encourages* the state to take active steps to combat Kentucky's drug abuse epidemic and *supports*:

- A thoughtful approach that will not back away from efforts to punish the drug offenders but will prevent added corrections costs and ensure appropriate access to substance abuse treatment.
- Continuation of policies to develop workable statewide and interstate compacts and adoption of nationally recognized pain management guidelines to limit drug abuse that has a negative impact on employers/employees.

## **Statewide Smoking Ban:**

*Supports* enacting a comprehensive statewide smoking law that prohibits smoking in indoor work places and public places in order to reduce its negative impact on the health of the citizens of Kentucky and on the Commonwealth's economy.

## **Increase Excise Tax:**

*Encourages* the General Assembly to consider additional increases to the state's excise tax on cigarettes.

# EDUCATION

## **Make Higher Education Affordable:**

*Supports* making postsecondary education affordable for Kentucky students.

### **Background**

Affordable postsecondary education for Kentucky students should be a priority for the Commonwealth. Simplification of the state's financial assistance process and a shared responsibility approach to distribute costs among students, families, postsecondary institutions and the government should be considered. In addition, on-time degree completion is a key strategy in managing limited state and student resources. Students should be given every opportunity and encouragement to complete their degrees on time.

## **Set Universities Free to Excel:**

*Supports* allowing public universities in the Commonwealth greater operational flexibility to compete in an increasingly global marketplace.

### **Background**

Allowing greater operational flexibility for entrepreneurial endeavors while requiring overall accountability would improve quality and better serve the institution, Commonwealth, employers and students. Most 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, 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.

## **Strengthen Adult Education System:**

*Supports* initiatives designed to improve the educational attainment of older workers, those between 25 and 64.

### **Background**

The educational attainment of older workers, those between 25 and 64, continues to present significant challenges. The Chamber supports initiatives designed to meet these challenges, such as the Kentucky Adult Education System's efforts to increase the number of people earning a GED and enrolling in postsecondary education programs and the Council on Postsecondary Education's "Project Graduate" encouraging adults with some college credits to complete their degrees. These and other efforts are essential to increasing the skills of Kentuckians already in the workforce.

## **Allowing KEES Funds for Workforce Training:**

*Supports* allowing Kentucky Educational Excellence Scholarships (KEES) funds to be expanded to include qualified workforce training programs that focus on Kentucky's top five high-demand work sectors—Advanced Manufacturing, Business and IT, Construction Trades, Healthcare and Transportation and Logistics.

### **Background**

BR 238 relating to expanding the KEES scholarship program has been pre-filed for the 2019 Legislative Session. This legislation is to assist high school students who are not planning to attend college but desire to seek postsecondary training. This would apply to a student who is in a registered apprentice program or enrolled in a qualified workforce training program that has a current articulation agreement for postsecondary credit hours with a participating institution. Students would receive reimbursement of tuition, books, required tools and other approved expenses required for participation in the program. The KEES program currently provides college scholarships to students who earn at least 2.5 GPA each year of attendance at certified Kentucky high schools. The better a student does in high school, the more the student earns toward college. The student may also earn awards for other achievements, including ACT/SAT scores and Advanced Placement. Home school and GED graduates may earn awards based on their ACT scores.

# ENVIRONMENTAL

## **Maintaining Permitting Efficiencies:**

*Supports* the development of methods by the Energy and Environment Cabinet that will allow an expedited permitting process when warranted and *encourages* the Cabinet to use alternative permit requirements or establish a variance already allowed by statute in order to avoid unnecessary delays while still being protective of environmental quality for permits that are especially complicated due to the nature of the pollutant being discharged or emitted.

## **Background**

This is often a key component in implementing expansions of existing businesses and in obtaining new industrial development. The Cabinet should continue to look at cost-control measures and efficiencies that can be used to reduce any shortfall in revenue and create efficiencies throughout the program. In addition, as the Cabinet evaluates funding of its programs, fair distribution of general funds across all the program areas and divisions should be a priority.

# INFRASTRUCTURE

## **Transportation Infrastructure**

*Supports* legislation to ensure adequate and consistent long-term funding for transportation infrastructure, including the potential for a consumption-based tax increase, for all modes of transportation at both the state and federal levels to aid in attracting new businesses and retaining existing businesses in the Commonwealth, to connect Kentucky businesses to national and international markets, and to allow our citizens to have safe, reliable access to education and employment.

## **Background:**

Kentucky's transportation network of roads, airports, rivers and railroads connect Kentucky businesses to the national and international marketplace by providing multiple safe, cost-effective ways to move goods and deliver services. The Kentucky Chamber's recent infrastructure report noted that 8% of all Kentucky roads are in poor condition (including 16% of major urban roads) and motorists incur an average of \$331 in costs from driving on roads in need of repair. In addition, with \$2 billion in needed repairs, Kentucky ranks 19<sup>th</sup> nationally in the number of deficient bridges. More than \$500 billion in freight flows through Kentucky annually and transportation brings in tourists and visitors who contribute almost \$14.5 billion to our economy.

## **The Issue:**

- A national decline in the average wholesale gas price resulted in a \$200 million recurring annual loss for Kentucky.
- Kentucky will lose \$110 million in toll credits that served as matching funds for federal dollars by 2020. These tolls were collected to assist in paying for the construction of Kentucky's parkways.
- More than \$150 million each year is diverted from the road fund to other agencies.
- There are currently more than 1,100 significant transportation projects that need to be completed according to the Kentucky Transportation Cabinet. These projects—both statewide and regional—compete for \$2.6 billion in current funds, which is several billion dollars less than what is needed.

## **Broadband**

*Supports* efforts to ensure the State continues to remove barriers to expand widespread wireless and broadband investments in the Commonwealth and *opposes* policies at the state and federal levels that would impede or hamper investment in digital infrastructure.

# TRANSPORTATION – LOCAL PRIORITIES

## Federal Funded Projects

**Improvements to the interchange at US 60 (Hinkleville Road) and I-24, called a Double Crossover Diamond**, to improve the geometry of the interchange and the flow of traffic along the US 60 corridor for this high traffic area for shopping, dining and hotels (Six Year Plan Project 1-154.00). **SHIFT REGIONAL RANKING: #7**

**Update:** This project is scheduled for letting this fall. However, this could be pushed later due to a potential legal issue (note: not a contesting of the project). The double crossover diamond eliminates a traffic signal phase to move traffic more efficiently. This section of US 60 carries about 36,000 vehicles per day. Completion date is estimated for November 2019. Cost estimate is \$3.9 million.



**Widening of US 62 (Blandville Road) from KY 998 (Olivet Church Road) to the Commerce Park**, a major commerce/industrial site, to aid in securing job opportunities for Paducah and the region. (Six Year Plan Project 1-152.00). **SHIFT REGIONAL RANKING: #4**

**Update:** Extension of existing 4-lane corridor along US 62 for additional one mile. Currently performing appraisals on affected properties and offers to buy will begin soon. Completed environmental studies allowed for securing of federal funding as of mid-June 2018 which has facilitated utility phase to begin mid-2019. Construction expected for 2020 with cost estimate of \$8 million.



# TRANSPORTATION - LOCAL PRIORITIES (continued)

## State Funded Projects

**KY 1286, Inner Loop:** Improvements to KY 1286 (Friendship Road) from US 45 (Lone Oak Road) to New Holt Road to improve safety for travelers to the regional mall and retail, dining and hotel center as well as the new McCracken County High School (Six Year Plan Project 1-153.00). **SHIFT REGIONAL RANKING: #3**

***Update:** Currently in design with a public meeting anticipated for spring 2019. Property owners have been notified of environmental studies. The environmental studies will help facilitate moving to federal funding. Right-of-Way funds are programmed in 2020. This project will improve traffic flow and roadway dynamics, including widening and better horizontal alignment between US 45 and New Holt Road which has become the “bypass” route for southern McCracken County residents to the mall area. Plan to move to federal funding. Cost estimate is \$16 million with construction expected in 2021/22.*

**US Highway 60 Improvements:** Extension of four lanes of US Hwy. 60 (from Stafford Road to Bethel Church Road to KY Hwy. 1154), providing easier accessibility between Ballard County and McCracken County from the west. These improvements will enable easier and safer traffic flow between the two counties and assist with economic development efforts (Six Year Plan Projects 1-115.00 and 1-115.10).

**SHIFT REGIONAL RANKING: #6**

***Update:** The current road plan designates federal funds in the biennium for design and right-of-way acquisition to continue improvements along US 60 from the Ballard-McCracken County Line extending to west of Kevil. Kentucky Transportation Cabinet (KYTC) had environmental consultants in the field working on surveys for items, such as endangered species, wetland, historic properties and archaeology. This environmental work will continue into 2019. Environmental studies will help facilitate moving to federal funding. KYTC plans to hold a public meeting in spring of 2019 to present these findings and their alternative selections to the public. Total cost estimate is \$12 million.*

**Continuation of improving access to the Ohio River Triple Rail Megasite**, which features Ohio River frontage, service by three railroad companies and barge dock capability (Six Year Plan Project 1-8702.00). **SHIFT REGIONAL RANKING: #43**

***Update:** Preliminary design with two depicted routes --- (1) route utilizing mostly existing road segments for faster build and turn-around time; (2) route with more new cross-country routing – more costly and longer construction time. KYTC feels this project should be steered by development driving the need for road and not build road first.*

## Members of the General Assembly representing McCracken County

### Senate

Sen. Danny Carroll (R-2)

To find out more about the Kentucky Legislature, current laws, meeting schedules, or to send an email to the members, visit [www.lrc.state.ky.us](http://www.lrc.state.ky.us).

### House

Rep. Steven Rudy (R-1)

To leave phone messages for members of the General Assembly, call 1-800-372-7181.

Rep. Richard Heath (R-2)

The Kentucky legislature convenes in regular session on the first Tuesday after the first Monday in January for 60 days in even-numbered years and for 30 days in odd-numbered years. It convenes in special sessions at the call of the governor. The Kentucky Constitution mandates that a regular session be completed no later than April 15 in even-numbered years and March 30 in odd-numbered years.

Rep. Elect\* Randy Bridges (R-3)

Rep. Elect\* Chris Freeland (R-6)

\*denotes elect until takes office January 2019



### **"UNITED IN ONE VOICE"**

**The Paducah Chamber and its community partners encourage the General Assembly to approve policies during the 2019 Session that will move Kentucky forward to become more competitive, prosperous and business-friendly.**

**[www.paducahchamber.org](http://www.paducahchamber.org)**

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