



LEGISLATIVE FOCUS 2017

PUBLIC POLICY STATEMENTS



COMMERCE LEXINGTON INC.

REPRESENTING YOUR BUSINESS IN GOVERNMENT

Business leaders are often too busy attracting investments and creating jobs to focus large amounts of time on monitoring legislation and regulations, analyzing their effect and advocating for their passage, defeat or modification.

That's why Commerce Lexington Inc. and its Public Policy Council gather the top experts in a variety of industries, harness that knowledge, and advocate for the interests of business in the halls of our State Capitol or the Lexington-Fayette Urban County Government to create a more business-friendly environment.

Each year, we work with you – our members – to identify issues affecting the business community and spotlight the best public policy solutions. Our strong working relationships with local, state and federal officials mean that you will be well-represented and your voice will be magnified by the nearly 1,700 members on whose behalf we speak.

Please take a few moments to review this legislative agenda for Commerce Lexington Inc., as we work to help shape legislation and regulations that will enhance the success of our children, our workforce and our job creators.

Public Policy Process

Commerce Lexington Inc.'s Public Policy Council is the bricks, mortar and labor that make the structure that is Commerce Lexington's Public Policy effort. The council members and chair are all volunteers and represent a variety of non-profit, local government, large and small businesses, education groups and utilities representing a broad spectrum of Commerce Lexington's members. The Council's Chair is appointed annually by the Chair of the Board of Commerce Lexington.

The Public Policy Council meets monthly May through December and establishes the agenda for Commerce Lexington for the upcoming session. During these meetings, the Council hears from a variety of groups, non-profits and businesses that want to join Commerce Lexington in advocating for their positions in Frankfort and Washington.

After the Public Policy Council approves the policy statements, the positions are then approved by Commerce Lexington's Executive Board. Once approved, the statements are published annually in Commerce Lexington Inc.'s "Legislative Focus." Copies of the agenda are distributed to all of Commerce Lexington Inc.'s members, all 138 members of the General Assembly and the Governor's Office.

In the heat of a Legislative Session, there are always important and timely legislative issues and bills that arise. When the Public Policy Council is asked to weigh-in on legislation, emergency meetings take place for the Council to take up the legislation and create Commerce Lexington's position. The position is then presented to the Executive Board for approval if time allows.

What CLX Does For You:

- Actively monitors all legislative activity from Urban County Government, the Kentucky General Assembly and the U.S. House and Senate.
- Extensive lobbying efforts for small and large businesses, non-profits and education groups at a local, state and federal level.
- Extensive lobbying and monitoring of legislative and ordinance activity with the LFUCG Council and the Mayor's Office - a product only a local chamber can provide.
- Monitors all Kentucky Administrative Regulations and actively participates in opposing regulations that negatively affects business.
- Monitors and participates in critical environmental activity including the EPA/LFUCG Consent Decree and air and water quality regulations at a local, state and federal level.
- Participates in legislative and legal coalitions, submitting letters, filing legal briefs, and testifying on behalf of business with pending court cases or at committee meetings.
- Provides weekly e-mail updates during Legislative Sessions to all Commerce Lexington Inc. members communicating important bills and action that impacts the bottom line for area businesses.
- Creates numerous networking opportunities throughout the year for members to interact with our local, state and federal delegation and their staff to communicate the needs of Central Kentucky Businesses.
- Organizes an annual regional Washington Fly-In to present the needs and concerns of Central Kentucky's businesses to Washington.



For more information about CLX's policy process, specific issues, or pieces of legislation, contact **Andi Johnson**, Chief Policy Officer & Director of Regional Engagement, at (859) 226-1614 or ajohnson@commercelexington.com.





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EDUCATION

Commerce Lexington believes that education is one of the most important functions of state government and therefore urges policymakers to make education funding a top priority. Having a highly educated and capable workforce is essential to attracting new business and retaining existing business and industry. Increasing educational attainment at all levels enhances the social fabric, quality of life, and promotes economic opportunity for the community, as well as those looking to locate a business in the region.

WORKFORCE DEVELOPMENT

A skilled workforce is the number one concern for businesses in Central Kentucky.

Lack of a qualified workforce prevents business expansion, economic investments and job creation. It is important to develop a talent pipeline with the necessary technical and professional skills to meet the needs of employers, both today and into the future, for the region. Therefore, a top priority of Commerce Lexington through its partnership with the Business and Education Network (BEN) is to identify current and future workforce needs of the region, and to develop a strategic plan to address those needs through collaborative partnerships between stakeholders in the community

The federal and state workforce investment programs are important components to providing a highly skilled and educated workforce in Central Kentucky. Commerce Lexington supports aligning and improving existing training programs through local partnerships with employers, educators, administrators, community organizations and training providers to better meet skills gap needs of the business community. Commerce Lexington supports continued reforms to the workforce training system that ensure funding is properly allocated to initiatives that demonstrate the best possible return on investment. Commerce Lexington also supports reforms that track the success of the workforce training system and its participants for a period-of-time even after they complete their workforce training program to help in determining the successful return on investment of the tax dollars.

Federal legislation, such as The Workforce Innovation and Opportunity Act (WIOA) passed the United States Congress in July 2014, has taken positive steps toward strengthening workforce training efforts by streamlining programs, reducing burdensome mandates, providing greater state flexibility, promoting skills training for in-demand jobs, and pushing for increased accountability and transparency over the use of taxpayer dollars. However, additional steps need to be taken at the state and local level to ensure federal and state training dollars are being used efficiently and effectively to meet the needs of local employers.



Commerce Lexington encourages lawmakers to review, and if needed, amend the existing policies to:

- Strengthen collaborative partnerships among key local stakeholders, especially across area lines within the designated workforce planning regions.
- Establish procurement guidelines for local workforce investment boards, Local Elected Official (LEO) board and all contract parties to eliminate conflicts of interests.
- Promote greater transparency and accountability over spending practices and program outcomes for local workforce investment boards, Local Elected Official (LEO) board and all contract parties
- Require additional mandatory training on roles and responsibilities of workforce investment boards and Local Elected Officials.

Adult Education

Commerce Lexington fully supports the development of effective public/private partnerships focused on addressing adult education and retraining needs. We support priority investments that address the unique needs of adults who need to gain literacy and math skills, a GED and workforce skills simultaneously by:

- Identifying adult education needs.
- Actively encouraging individuals to participate in adult education and literacy programs.
- Taking deliberate steps to provide easier access to available programs.
- Supporting the full funding of the Kentucky Skills Network and adding more flexibility for eligible adults.

Fayette County Public Schools

Commerce Lexington is encouraged by and supports the development of a Novice Reduction Plan to guide the improvement efforts of Fayette County Public Schools (FCPS) over the next five years to enhance student achievement. The business community is committed to working with FCPS in efforts aimed at closing the achievement gap by reducing the number of students scoring at the novice level, and making FCPS a top 10 school district in Kentucky.

Driven by the action plans of over 100 strategies and activities identified within the *Blueprint for Student Success: Achieving Educational Excellence and Equity for All*, the Novice Reduction Plan will continue to focus the district on key strategic priority areas: Standards, Curriculum, and Instruction; Learning, Culture, and Environment; and, Continuous Improvement, and Assessment that will be regularly monitored and reflected in district budget planning in order to achieve the ultimate mission of creating a collaborative community that ensures all students achieve at high levels and graduate prepared to excel in a global society.

Creating & Maintaining School Leaders

Commerce Lexington fully supports all efforts that help increase student achievement through training for well-prepared school superintendents, principals, teachers and other instructional staff. Superintendents must have the authority to make or participate in critical personnel decisions in schools; particularly, in persistently low performing schools. Basic leadership skills and ongoing professional development are critical leadership attributes for principals to become effective leaders within our schools statewide. Teachers must be held accountable for instructional strategies and practices that yield student achievement results in the classroom. We must look at competitive pay for our teachers, including innovative forms of differentiated compensation which would reward teachers based on performance and the achievement levels of students.

Support Common Core State Standards

Commerce Lexington supports the implementation of Common Core State Standards (CCSS) to promote college and career readiness. The standards are designed to be robust and relevant to the real world, reflecting the knowledge and skills that our young people need for success in college and careers. With Kentucky students fully prepared for the future, our communities will be best positioned to compete successfully in the global economy.

Quality Education Investments

Commerce Lexington urges policymakers to make education funding a top priority in the budget process. We support quality investments in our children's education and oppose using local school district's reserve funds to balance the State Level General Fund. Commerce Lexington fully supports all investments in early childhood education including quality preschool and an equitable, full-day kindergarten program statewide to achieve school readiness. Commerce Lexington supports the General Assembly increasing the number of school days closer to the national average of 180 days, and the international average of 193 days. Commerce Lexington opposes the state mandating a local school districts calendar.

Commerce Lexington fully supports the lifelong educational programming and work KET delivers to schools and the public. Through technology, KET provides access, equity, and quality educational resources focused on student achievement and teacher preparedness. In addition, KET plays a key role in assisting Kentuckians with less than a high school education with receiving their GED.

Support Implementation of College and Career Readiness Programs

Commerce Lexington continues to support the education initiatives established by SB 1 (2009) including a mandate for the Kentucky Council on Postsecondary Education (CPE), the Kentucky Board of Education (KBE), and the Kentucky Department of Education (KDE) to develop a unified strategy to reduce college remediation rates of recent high school graduates and to increase the college completion rates of students enrolled in one or more remedial classes by three percent annually.

Commerce Lexington supports four key strategies to promote college and career readiness and degree completion:

- **Accelerated Learning Opportunities** focused on the expansion of AP/IB access and dual credit opportunities.
- **Secondary Intervention Programs** focused on the development of transitional coursework.
- **College and Career Readiness Advising** focused on the full implementation of the Individual Learning Plan and comprehensive advising programs.
- **Postsecondary College Persistence and Degree Completion** focused on bridge programming, accelerated learning opportunities, and student support and intervention systems.

Family & Community Engagement

Family and community engagement is a critical component to academic achievement. Recognizing that not all children have an effective adult advocate, Commerce Lexington backs innovative approaches to facilitate collaboration toward common goals such as the efforts of the One Community, One Voice Achievement and Closing the Gap Community Committee. Their inclusive efforts to identify measurable goals and accountability strategies will help move the Fayette County Public School district towards closing the achievement gap by reducing the number of students scoring at the novice level among all students, while raising overall student achievement.

EDUCATION

STEM Critical to Compete

Commerce Lexington supports legislative and local district efforts to increase graduates in the Science Technology Engineering and Mathematics (STEM) disciplines to meet the ever-growing needs of employers. Commerce Lexington believes Kentucky students should be challenged at all educational levels and provided the instruction they need to succeed in the new global economy. Improving academic achievement of all students can be done by encouraging rigorous and relevant courses and experiences. Critical to Kentucky's ability to compete in the global economy is a commitment to increasing the focus on STEM in our schools through learning opportunities that provide enrichments and exposures in aviation and aeronautics; agriculture, and related agri-science; computer and informational sciences; health care, biotechnology and biomedical sciences to name a few. Commerce Lexington also supports utilization of secondary career and technical education programs comprised of project-based learning to further this goal. An increased focus on STEM disciplines, however, does not mean the exclusion of arts and social sciences curricula.

Financial Literacy

Commerce Lexington supports the inclusion of "Financial Literacy" education in Central Kentucky's school classrooms. This training can be achieved through traditional curriculum development or through private-public initiatives such as Junior Achievement of the Bluegrass partnership with the Fayette County Public Schools. Financial literacy programs introduce students to important life skills and concepts such as budgeting, banking, understanding the difference between debit and credit cards, using credit responsibly and financial planning, as well as investments such as stocks, bonds and other securities. In addition to providing students with a skill set essential for a successful future, Commerce Lexington believes that financial literacy education in our schools is imperative to training a future workforce that is an attractive local resource for new business and economic development.

POSTSECONDARY EDUCATION

University of Kentucky

The Commonwealth of Kentucky recognized in 1997 that states with Top 20 public research universities have healthier, more prosperous citizens. Commerce Lexington recognizes the role that UK plays in education, health care and economic development for Lexington and all of Kentucky. Commerce Lexington encourages the Governor and General Assembly to support the Performance Funding model agreement reached by the working group consisting of members of the executive branch, the legislative branch, and the universities.

- In the last five years, UK initiated or approved some \$2.1 billion in capital investments to improve student success, instruction, research and discovery, and health care. Approximately 91 percent of that investment is the result of public-private partnerships, philanthropy, strategic use of university resources, and support from UK Athletics.
- UK welcomed successive record-setting, freshmen classes that have joined the UK family and moved total enrollment past 30,700. These students are succeeding at higher levels, translating to record degree attainment, including more than 6,600 degrees conferred over the last academic year.
- Faculty and staff researchers added to a growing portfolio of transformative research, discovery, and creative scholarship. In fiscal year 2015-16, UK received \$316.5 million in external research grants and contracts – signifying that UK is a major player among research institutions in the country and directly impacting the economy of central Kentucky.
- UK HealthCare continues to meet the needs of patients and families who require complex, quality health care through its network of providers and state-of-the-art academic medical center. Annual patient discharges have grown by more than 95 percent since 2003 and over 6,000 jobs have been created - all with no state appropriations to UK Healthcare.
- In total, UK's work yields a 12-fold return on the Commonwealth's investment in its flagship university. UK's research enterprise has a more than \$580 million impact on Kentucky's economy. More than two-thirds of graduates are employed in Kentucky after graduation.



KCTCS/BCTC: Enhance Technical Skills Training

The Kentucky Community and Technical College System (KCTCS) is the largest provider of higher education, online education and workforce training in the Commonwealth. KCTCS/Bluegrass Community and Technical College (BCTC) has the lowest tuition of any postsecondary institution in Kentucky and is dedicated to a vision of a well-trained workforce in central Kentucky and the entire Commonwealth. To achieve this goal, KCTCS has aligned its strategic plan with several state agencies and organizations and is working with local employers to ensure the curriculum at BCTC and the other 15 colleges meets local needs.

Many Central Kentuckians need access to skills training including incumbent workers, those seeking jobs or updated skills, and high school students planning for careers. Commerce Lexington supports KCTCS and BCTC which serves the Central Kentucky region in their efforts to work with local businesses to enhance technical skills training and "work ready" employees. Additionally, Commerce Lexington believes it is critical that high school students who choose the technical training career path have access to grants and other financial assistance.

Monitor Implementation of Federal Health Care Reform

Commerce Lexington believes that both business owners and employers should have the opportunity to provide for themselves and their employees quality affordable health insurance available from the private market, not government. However, the Patient Protection and Affordable Care Act (PPACA) passed by Congress created a great deal of uncertainty for employers. Commerce Lexington remains concerned that employers that have previously provided voluntary health insurance coverage for their employees will now face mandated levels of health insurance coverage as well as increased taxes, premiums penalties. Therefore, Commerce Lexington is committed to monitoring the implementation of the PPACA, and upcoming repeal and replace debates. Commerce Lexington will continue to provide input to our federal and state policymakers to ensure that employers can provide quality affordable health insurance coverage to their employees without being continually overburdened with federal regulations and penalties.

Monitor Medicaid Expansion

Kentucky expanded Medicaid eligibility by executive order to persons with annual incomes up to 138 percent of the federal poverty level (\$27,310 for a family of three) beginning in January 2014. The federal government will pay 100 percent of the state's additional cost for the expansion through 2016. However, the state is required to begin paying 5 percent of the costs beginning in 2017, rising in steps each year to 10 percent in 2020. Original projections of the number of Kentuckians who would be eligible for Medicaid under the expansion have proven to be substantially low. Originally, the Kentucky Cabinet for Health and Family Services estimated 164,000 additional Kentuckians would be eligible under the Medicaid expansion in FY 2014, and that number would grow to more than 209,000 by 2017 and beyond. Currently, there are more than 443,000 Kentuckians enrolled in Medicaid under the expansion.

The cost of the Medicaid expansion in the recently enacted 2016-2018 state budget is \$74 million in FY 17 and \$173 million in FY 18 for a total of \$247 million over the biennium. These costs are estimated to rise to more than \$500 million in the next biennium. To address these growing costs, the Governor has submitted a waiver request to the federal Department of Health and Human Services to allow Kentucky to make several changes to the Medicaid program, including the imposition of monthly premiums and a community service requirement for selected populations. Commerce Lexington will monitor the progress of the proposed waiver by the Governor and commends the administration for tackling the challenges of Kentucky's Medicaid program.

Commerce Lexington supports efforts to improve access to healthcare, create a sustainable Medicaid program, while protecting critical state investments in education and other vital programs. The Governor's proposal has initiated an important public dialogue on this issue, and Commerce Lexington encourages members of the business community to share their views about the best way forward.

Medical Malpractice

Commerce Lexington will support effective measures to address the escalating costs of health care and medical malpractice insurance for health providers, which has contributed to higher health care costs, higher health insurance premiums, and continues to create the potential for reduced access to care.

Effectively Combat Drug and Substance Abuse

Commerce Lexington acknowledges the need to address Kentucky's drug abuse problem, and will continue to support legislative efforts to curb this epidemic through a comprehensive approach aimed at prevention, treatment and penalty reforms. Both private and public sector leaders realize the negative effect of drug and substance abuse on their employees and citizens particularly in terms of increased health care costs, loss of workforce productivity and fiscal impact of incarceration. According to the Kentucky Office of Drug Control Policy, lost productivity, health care costs and drug-related crimes associated with illegal drug abuse cost the commonwealth \$2.5 to \$3.6 billion annually.

The severity of prescription drug abuse, as well as heroin and other illegal street drugs continues to be a high priority issue for Commerce Lexington. We applaud efforts of the Kentucky General Assembly for past legislative efforts to curb drug abuse and increase treatment options. We encourage legislators to continue to address the illness of addiction by expanding prevention and treatment capacities in the Commonwealth.

Increase the Number of Health Care Professionals in Kentucky

Many areas of Kentucky are underserved by health care professionals, which contribute to poor access and higher medical costs for our citizens. Commerce Lexington encourages lawmakers to initiate programs and funding or support policies that encourage medical professionals to serve both the rural and inter-city areas which may appear less desirable.

Reduce Smoking

Kentucky continuously leads the nation in adult smoking rates as well as rates among pregnant women, and is second among high school and middle school students. The smoking related loss of economic productivity is over \$2 billion dollars annually in Kentucky alone. Commerce Lexington fully supports raising Kentucky's cigarette tax to be more in-line with the national average. Additionally, initiatives should be implemented to reduce smoking among Kentucky Medicaid patients.

Health & Wellness Programs

Commerce Lexington supports legislation that provides tax credits and incentives to employers for creating health and wellness programs for their employees. Kentucky's population consistently ranks near the top of the list among the states for overall poor health indicators. Poor health among Kentuckians is a drain on the state's resources, leading to increased health care costs for employers and employees, as well as leading to increased utilization of health care services among the state's Medicaid recipients. Health and wellness programs offer employers the opportunity to address the culture of poor health in the Commonwealth by promoting preventive health care as well as educating and encouraging healthy lifestyles among their employees. Health and wellness programs often serve as an effective health care cost containment measure and serve to promote personal responsibility among employees for their own health outcomes. Commerce Lexington will continue to support programs and policies that incentivize companies to educate and promote health and wellness for their employees.

COMPETITIVENESS

Commerce Lexington believes that people are the driving force of business. Productivity and creativity dictate the success of individual businesses and therefore our economy as a whole. Public policy options should be about creating and sustaining an environment that encourages maximum flexibility to reward excellence and encourage innovation in human resource management. Policies that tend to foster one-size-fits-all approaches, or that intentionally or unintentionally create “us vs. them” environments in the workplace are not conducive to businesses’ goal of excellent employee relations and communications.

Right-to-Work

Commerce Lexington believes every worker is both capable of, and entitled to, making his or her own determination regarding union membership. The decision not to affiliate with a labor union should be no less deserving of protection than the freedom to affiliate with a union. Commerce Lexington urges the Kentucky General Assembly to support Right to Work legislation to prohibit requiring any worker to join a union as a condition of employment.

Public/Private Partnerships

Commerce Lexington supports the use of public/private partnerships (P3) by local and state government agencies for the delivery of services and/or the construction and/or management of a variety of infrastructure related projects. To ensure accountability in contracting with private entities, it is essential that proper safeguards be in place to ensure transparency and that quality services are delivered at a lower cost to taxpayers.

Public Employee Pension Systems

The recent downgrading of Kentucky's bond rating indicates the financial market has concerns about Kentucky's financial viability, specifically the underfunded public pension systems. Commerce Lexington applauds the General Assembly for taking significant steps in 2013 with the hybrid plan reforms for new employees to address funding issues, including the authorization of a compromise proposal reached by Lexington city officials, police and fire representatives.

Commerce Lexington strongly urges the General Assembly to continue progress toward the goal of establishing equitable retirement and health insurance benefits for new hires that more closely resemble those available in the private sector. Commerce Lexington supports a comprehensive review of all public employee pension systems, including the Kentucky Teachers Retirement System, and related benefits and encourages state legislators to consider other serious structural changes to all systems to assure funding pensions does not cripple state government's ability to provide essential services.

Commerce Lexington will continue to monitor reform implementation with emphasis on assuring no benefit increases without full funding and the inclusion of actuarial required contributions in the state budget. Commerce Lexington discourages lawmakers from using bonding to address shortfalls in state pension funds, which could jeopardize the state's financial stability for future generations.

Government Efficiency

Commerce Lexington supports the need for government modernization and increased efficiency. Commerce Lexington will continue to urge the General Assembly to focus on spending reforms across government including the areas of public employee health benefits, the public employee pension system, corrections and Medicaid.

Employer | Labor Union

Maintaining the time-tested balance between labor unions and employers is critical to economic growth and continued job creation. The National Labor Relations Board (NLRB) has undertaken an aggressive pro-union agenda that threatens jobs and economic growth. Issues of concern include blacklisting, card check, secure electronic voting, release of personal employee information, persuader rule, employee poster rule, ambush election rule, micro union decision, joint-employer standard and others.

Commerce Lexington is committed to defending the rights of businesses and their employees and strongly encourages federal and state officials to fight changes to our labor law system that undermine employer-employee relations.

We urge the support for labor laws that:

- Maintain a balance of representation on the NLRB properly vetted and ratified through Congress to hear the facts from all parties in rendering fact based decisions.
- Do not upend years of carefully balanced labor laws, whether through Congress or regulation promulgated by the NLRB.
- Protect secret ballot elections to form unions.
- Maintain functional grouping of business units that do not pit “sub” or “micro” units against each other in organizing efforts (micro unions).
- Maintain a company's ability to educate employees on the consequences of unionization.
- Do not include binding arbitration provisions.
- Do not impose one-sided penalties.

Prevailing Wage

Commerce Lexington supports legislation to repeal mandatory prevailing wage in the Commonwealth. The result would be reduced costs and increased capacity for public works, benefiting employers, employees and taxpayers alike. At a minimum, prevailing wage requirements should be eliminated for the construction of schools and other educational facilities.

Public Employee Collective Bargaining

Commerce Lexington strongly opposes public employee collective bargaining. Public employees are afforded significant benefits, job protections, and established rank and pay scales – and the adjustment or alteration of them are decisions that can currently be made as a matter of public policy.



Safer Workplaces

Commerce Lexington supports allowing employers to share factual and documented information about past employees, without subjecting themselves to undue liability, when providing references to inquiring employers during the hiring process. We also support legislation to allow employers to help fight illegal drug use in the workplace. Commerce Lexington opposes any expansion in the current concealed/carry laws that would allow employees to bring deadly weapons into the workplace.

Wage Mandates

Commerce Lexington supports government efforts to find balanced, long-term solutions to the problems confronted by our community. We do not support private sector wage mandates that exceed state or federal guidelines.

Unemployment Insurance Trust Fund

Commerce Lexington believes that the integrity of the unemployment insurance trust fund should be maintained and opposes efforts to utilize the fund in ways that are contrary to its original purpose of providing unemployment insurance to temporarily displaced workers.

Commerce Lexington was among several employer groups that supported the reforms to the state's unemployment insurance system during the 2010 special session, and the effort to address repaying the interest on the loans to the federal government during the 2012 session of the Kentucky General Assembly. Commerce Lexington will continue to monitor the implementation of the reforms to the state's UI System.

Workers' Compensation

Commerce Lexington supports a workers' compensation statute that offers clear and objective definitions of injury and disability, uses objective medical findings of impairment for awards, continues the reduction of litigation, and encourages retraining and education, to return to work at a different position at a comparable rate, while abating growing costs for central Kentucky employers. Commerce Lexington supports any legislative or regulatory measure that will help control Kentucky's rising medical and prescription drug costs in workers' compensation cases without disrupting needed services to injured workers.

Immigration

Commerce Lexington supports a comprehensive immigration reform package which includes modernizations to the guest worker program which addresses the needs of all Kentucky's work places.

Criminal Justice System Reforms

Kentucky made important progress with the enactment of corrections reform legislation in 2011 and juvenile justice code reforms in 2014 to protect public safety while establishing a system to control spiraling corrections. Commerce Lexington also applauds the Governor and General Assembly for the passage of limited felony expungement legislation in 2016 to help workers limited by a past mistake advance in the workforce.

Commerce Lexington will continue to monitor, and support when appropriate, this important work moving forward through the leadership of the Kentucky Smart on Crime coalition, which is focused on reducing recidivism, making communities safer, increasing our workforce and saving taxpayer dollars.

Revision of Statute of Limitations Law

Commerce Lexington recognizes Kentucky's five-year time-period on employee wrongful termination or discrimination lawsuits places an undue requirement on employers. Commerce Lexington supports changes to Kentucky's statute that would make all employment discharge and discrimination type actions more uniform with federal guidelines while still protecting employees and employers.

Malt Beverage Industry Regulation

Commerce Lexington supports the maintenance of a strong and independent system for the sale, distribution and regulation of malt beverages that has been in place since prohibition. Such a system promotes the locally owned and operated businesses, the preservation of jobs, strong community reinvestment, and the ability of all large and small brewers to deliver their products to the market and ultimately the consumer.

ECONOMIC DEVELOPMENT

Commerce Lexington fully supports the development of new incentives to help Kentucky's businesses grow and prosper in today's global economy. We support new strategies to increase jobs by attracting companies to Kentucky. We advocate a regional approach to economic development planning and problem solving. We work closely with local governments and community organizations across Central Kentucky to develop a common vision for the prosperity of our region.

Although not a substitute for comprehensive tax reform, Commerce Lexington supports strategic investments in incentive programs designed to encourage the growth of high wage jobs, long-term investment in strategically defined industry sectors, small business promotion, or other significant economic development projects that demonstrate a clear return on investment and would not otherwise occur without the incentive.

Commerce Lexington urges lawmakers to continue to support, and in some cases, consider enhancements to the state incentive programs promoting business growth and job creation, such as the Kentucky Business Investment program (KBI), Kentucky Enterprise Initiative Act (KEIA), Kentucky Reinvestment Act (KRA), Kentucky Investment Fund Act (KIFA), SBIR/STTR matching program, and the Kentucky Skills Network workforce training programs.

Service and Technology Retention Tax Credits

Other states are aggressively pursuing Kentucky companies to relocate using various tax incentive and cash-based programs. Kentucky cannot afford to lose additional jobs to other states; therefore, Commerce Lexington supports a modification of the Kentucky Reinvestment Act (KRA) to include service and technology firms in addition to manufacturing firms within the KRA program in order to retain service and technology jobs in the Commonwealth. Commerce Lexington supports linking the tax credits directly to job retention, and would support implementing minimum requirements for companies to meet before the tax incentives become available.

R&D Investment Incentives

American corporations focus their research and development activities on the development of new products, processes, and services while relying on research universities to do basic scientific research. In order to supplement basic research investment by federal agencies, Commerce Lexington supports the establishment of federal and state tax incentives to encourage corporations to make cash investments or endowment gifts to research departments or proof of concept centers of public research universities. Incentives should also be in place to encourage corporations to make investments in high tech, high risk start up technology companies.

Bluegrass Business Development Partnership

Established in 2007, Commerce Lexington continues to support its partnership between the Lexington-Fayette Urban County Government, the University of Kentucky and the Kentucky Small Business Development Center to encourage economic development, investment and job growth in Central Kentucky. Since its inception the Bluegrass Business Development Partnership has been a one-stop shop for the economic development needs of its clients. This program has served over 15,482 clients and announced the creation of 12,864 new jobs and over \$1,708,510,785 in capital investment.

Entrepreneurial Incentives

Commerce Lexington supports initiatives that encourage the continued development of the knowledge-based economy in Central Kentucky. We support policies that facilitate the development and retention of high tech manufacturing and biotechnology investments in our region and specifically encourage additional research and development and technology transfer activity in Central Kentucky. Commerce Lexington will be an advocate for public/private partnerships that move ideas to theory, theory to applied research, and applied research to developed commercial application. To help provide additional financial support enabling such business activity to occur, Commerce Lexington supports the development of seed capital funds that focus on Central Kentucky investments and the promotion of innovative central Kentucky companies to existing venture capital firms. Commerce Lexington encourages the federal government to continue the Small Business Innovation Research (SBIR)/ Small Business Technology Transfer (STTR) and for Kentucky to continue funding the state's match program for these start-up companies. Commerce Lexington also supports the Commonwealth's continued funding of the Kentucky Innovation and the Kentucky Angel Investors Networks.

Telecommunications Infrastructure

Making investments in critical infrastructure such as roads, bridges, water and rail will continue to be important to our state's economic growth. However, future economic development and job creation will also depend on developing a robust telecommunications infrastructure. Our competitor states have shown that modernizing telecommunication infrastructure better enables providers to efficiently allocate available resources. Commerce Lexington's economic development team frequently hears from high tech companies operating in Central Kentucky about the need for increased access to affordable, high speed broadband technologies. Modernizing Kentucky's telecommunication infrastructure will help meet the growing market demands for advanced broadband technologies for businesses both large and small.

Commerce Lexington supports modernizing telecommunication infrastructure to spur critical investments in new broadband technologies, enhance economic development, attract jobs, and improve communication services for residents and business – while keeping in the place protections for reliable voice services to all residents.

ECONOMIC DEVELOPMENT

Enhancing Regional Transportation Infrastructure

Commerce Lexington supports substantial and sustained investment in Kentucky's transportation infrastructure – including highways, bridges, waterways, public transit, railways, and aviation. Having a dependable transportation network is critical to Central Kentucky's economic vitality. Thriving communities must be able to move workers, provide services and transport products to market quickly and safely. Commerce Lexington fully supports a regional transportation approach, including supporting the Ohio River Bridge projects in Northern Kentucky, Louisville and Western Kentucky (I-69), the U.S. 27 to I-75 Connector in Jessamine County and the Newtown Pike Extension in Lexington.

Transportation Funding

Maintaining adequate funding for transportation infrastructure remains an issue of concern at both the state and federal levels of government. Commerce Lexington urges lawmakers to find long-term solutions to ensure sufficient, sustainable and reliable funding for all modes of transportation for projects critical to economic development. Commerce Lexington also supports state and federal transportation funding for rural and urban transit agencies to allow for improvements in direct operations; new service delivery methods for all areas including target population group such as seniors, low-income workers and people with disabilities.

Central Kentucky's Equine Industry

Thousands of acres of horse farms, world class venues such as Keeneland and the Kentucky Horse Park, and many horse related organizations' national headquarters including the United States Equestrian Federation, earn Kentucky the title of Horse Capital of the World. Because of the substantial economic impact the equine industry has on our region as well as the state, Commerce Lexington fully supports programs and initiatives to protect and enhance the future growth of the equine industry. These programs include wagering on historical horse racing, innovative tax approaches, purse increases, increased funding for breeder incentive programs, appropriate funding to maintain the quality of the Kentucky Horse Park, and other assistance to allow the equine industry to remain competitive.

Since its inception, wagering on historical horse racing has provided a positive economic impact to communities in which these venues are located, the Commonwealth and the equine industry. We encourage all branches of state government to support this new product that is creating jobs, attracting tourists and supporting existing programs to help the equine industry. The current taxing model provides revenue to the state but any increase in those taxes has the potential to not only deter growth in the product but to cause the product to become unsustainable from an economic perspective.

Kentucky's sales tax on equine products puts our region & state at a disadvantage.

Kentucky's sales tax on equine products puts our region and the Commonwealth at a disadvantage with competitor states. Commerce Lexington supports efforts to eliminate this competitive disadvantage. Commerce Lexington also supports the equine industry's efforts to address the health, welfare and safety of the thoroughbred racing industry as well as other equestrian sports.

Kentucky's Distilling Industry

Kentucky's legendary distilling industry has a significant impact on the state's economy, producing 95% of the world's bourbon and contributing \$3 billion in gross state product while generating \$166 million a year in tax revenue. The Chamber strongly supports initiatives to protect and grow the iconic industry. For Kentucky to maintain its dominance in the distilling industry and attract new distilleries, the General Assembly must update the tourism and hospitality statutes written before the Kentucky Bourbon Trail® was created to take advantage of the booming Bourbon tourism industry.



Condemnation

Commerce Lexington is opposed to government acquisition of privately owned businesses through condemnation for the purpose of operating the business.

Tourism Development

The tourism industry is an important component of an overall economic development strategy. Commerce Lexington supports initiatives and incentives designed to enhance the state's tourism and agri-tourism industry's positive impact through the promotion of events and the promotion of Lexington as a tourism and agri-tourism destination. Commerce Lexington also supports efforts to attract the media and film industry to the Bluegrass, while working to ensure that efforts that might undermine tourism's economic impact are minimized.

Lexington Downtown Development

Commerce Lexington supports the mission of the Lexington Downtown Development Authority to enhance the relationship between the downtown area and surrounding neighborhoods and to attract more residents and business downtown, resulting in more citizens living and working in downtown.

Commerce Lexington supports downtown development projects such as the Lexington Convention Center, Town Branch Commons and restoring and preserving the old Fayette County Courthouse and encourages responsible business planning for downtown development projects to minimize future taxpayer subsidized annual operational expenses. Commerce Lexington fully supports programs designed to increase the access and amount of public art throughout the entire community.

Free Trade

International trade in goods and services accounts for nearly a third of the country's GDP. Kentucky has established itself as a major exporter in a broad range of industries - from manufacturing to agriculture, as well as an attractive location for foreign investments. More than 3,200 Kentucky companies now sell products overseas. Over 76 percent of these businesses are small- and medium-sized enterprises accounting for nearly \$15 billion in annual export sales. These exports directly support 90,000 jobs in Kentucky, with tens of thousands more indirectly supported by exports. Commerce Lexington urges elected officials to support free trade agreements that open new markets and create new opportunities for businesses and workers in our region.

ENERGY AND ENVIRONMENT

PROTECT KENTUCKY'S ENERGY ECONOMY

Commerce Lexington urges local, state and federal officials to support efforts to maintain the production of affordable, reliable energy for business and residents. Kentucky's abundant supply of coal has provided the state with some of the lowest electricity rates in the nation – a definite competitive advantage in the creation and retention of jobs in all sectors.

However, federal regulations imposed by the U.S. EPA or other agencies have and could continue to disproportionately affect Kentucky's economy. Commerce Lexington urges all public officials – both appointed and elected – to collectively oppose any legislation, and consider modifications to, or the repeal of regulations, that would serve to increase the state's electricity and natural gas rates at an accelerated pace and place Kentucky's businesses at an economic disadvantage in the global marketplace.

Commerce Lexington will continue to monitor the implementation of the proposed rule changes to section 111 (b) and 111 (d) of the Clean Air Act, and advocate for efforts at the state and federal levels to mitigate the impact on Kentucky employers and families. Commerce Lexington

urges Congress and the Trump Administration to take appropriate action that would either substantially modify or repeal the provisions of the Clean Power Plan. If fully implemented, these regulations on emissions from electricity generating facilities that use coal, and new regulations on Kentucky's mining industry could increase Kentucky's electricity rates significantly within the next five years and serve to destabilize Kentucky's economic base.

Commerce Lexington urges local, state and federal officials to call for an implementation delay of rules where legal challenges are ongoing until the courts complete their review of the cases and during any subsequent appeals. Recent U.S. Supreme Court actions on the Mercury and Air Toxics rule, which included remanding the case to a lower court for further review, exemplify the challenges a regulated industry faces when forced to comply with a rule before the legal scrutiny is complete. Costly and excessive regulations, such as those impacting electric utilities, require significant investment that cannot be refunded to the ratepayers when a rule is vacated.

Support the Coal Industry

Commerce Lexington supports protecting the viability of Kentucky's coal industry – including preserving the direct and indirect jobs that the industry provides statewide. Since 2011, Eastern Kentucky has lost more than 9,000 direct coal mining jobs which equates to 38 percent of the workforce. The estimated number of coal jobs in Kentucky is now the lowest number since 1898. For every one direct coal mining job lost, three other indirect jobs are also lost, which brings the total of job losses to more than 27,000 since 2011. With coal mining selected for enhanced review or increased scrutiny, coal miners have found themselves working in an unfair playing field compared to the rest of the country. Commerce Lexington will continue to support efforts to push back against the U.S. EPA to ensure coal remains an integral part of our country's energy portfolio, and there is a level playing field for all low-cost fuel sources to secure low electricity rates in Kentucky.



Commerce Lexington advocates for the stoppage of the Office of Surface Mining's (OSM) Stream Protection Rule, which creates conflicts with existing state and federal regulatory laws. This rule (developed without any Congressional oversight) could ban certain types of mining in the coal fields further exacerbating job losses, negative impacts on local economies and the potential for increased electricity rates.

Natural Gas as Reliable Energy Source

To stay competitive and to ensure that natural gas is readily available to support economic development growth, Kentucky must also continue to develop all reliable and affordable energy resources including natural gas. Kentucky's oil and natural gas industry total value of production is over \$1 billion and employs over 9,000 Kentuckians. This industry will continue to play an increasingly important role in meeting the states' energy needs of the future. Therefore, Commerce Lexington supports encouraging the in-

vestment in the infrastructure, production and use of oil and natural gas through the maintenance of a balanced state regulatory framework. Commerce Kentucky believes that through cooperation and coordination between the industry, state government and associated stakeholders, broad consensus can be reached on the issues and challenges facing the oil and gas industry, and once that consensus is reached, deserves broad support. In addition, pending and future governmental and industry regulations could significantly impact the cost of natural gas service to Kentucky consumers. While Commerce Lexington supports the need to repair and replace aging pipeline infrastructure, consideration should be given to how and when costs are made and the impact to customers served by natural gas utilities.

Commerce Lexington supports financial and infrastructure incentives to help stimulate adoption of natural gas transportation fuels to ensure that natural gas is readily available for economic development. Central Kentucky could benefit from increased use of compressed natural gas (CNG) or liquefied natural gas (LNG) motor transportation fuels such as those used for in-state and inter-state trucking fleets, waste haulers, delivery and repair vehicles, and personal cars and trucks. With the growing availability and low cost of natural gas, traditional diesel engines cost approximately 30-40 percent more per gallon to operate than do natural gas engines. Similar savings can be realized when switching from gasoline to natural gas. The advantages Kentucky would gain are a lower carbon footprint from natural gas compared to gasoline and diesel fuels, as well as millions of dollars saved in fuel cost in the years ahead. Additionally, increased demand for natural gas vehicles and readily available natural gas service infrastructure will lead to more reliance on natural gas produced within the U.S., one of our nation's cleanest, most reliable, and most available sources of energy.



Commerce Lexington Inc. also supports legislative efforts to:

- Provide incentives for the research and implementation of clean-coal investments and other alternative energy processes.
- Provide tax credits or equivalents for carbon capture and disposal by companies.
- Support increased funding for research, development and use of new technologies to reduce emissions, particularly carbon dioxide (CO₂).
- Support research grants and other incentives for our state's postsecondary institutions and private sector companies to develop technology and infrastructure needed for alternative fuels and energy such as landfill gas, biomass, wind, hydro and solar, anaerobic digestion or compressed natural gas.
- Support the consideration of nuclear power plants to encourage market-based energy production. State law prevents construction of nuclear power plants until there is a means of disposal of high-level nuclear waste approved by the U.S. government. An approved facility has not been identified by the U.S. government, so nuclear power plants in the U.S. store spent fuel on-site. Kentucky's current prohibition on storage in effect prohibits nuclear power as an option. Commerce Lexington strongly encourages the federal government to identify an approved repository for high-level nuclear waste disposal but also accepts on-site storage of spent fuel as a temporary solution to inaction by the federal government.
- Protect our energy rates from overbearing federal regulations, fuel mandates and tax policy changes that will raise rates and neutralize Kentucky's competitive energy prices.

Promote a Sensible Regulatory Approach

Commerce Lexington supports the efforts of the state's Energy and Environment Cabinet to protect the citizens of the Commonwealth through a fair and consistent non-discriminatory regulatory process that ensures both the health and welfare of the public as well as the economic viability of the state's private sector workforce. Commerce Lexington opposes efforts at a local and state level to be more stringent than federal regulations or policies.

Commerce Lexington continues to oppose U.S. EPA's attempts to overstep its regulatory oversight role and impose an extraordinary number of federal mandates that will undoubtedly have a significant negative impact on the business community. U.S. EPA should not be permitted to circumvent its own federal rulemaking process to establish new overly stringent regulatory policies or standards that will adversely impact every citizen, business, agency and economy in the state. Commerce Lexington urges Congress to review environmental regulations and to take steps to streamline processes or enact regulations to clarify or make consistent with current statutes. We also advocate for the minimization of the use of guidance documents in management of U.S. EPA programs. Commerce Lexington supports the use of a waiver of fines for Notice of Violation (NOV) first time offenders and placing reasonable time limits on punitive action following the issuance of NOVs by state agencies.

Storm Water/Sanitary Sewer & Consent Decree Implementation

Commerce Lexington will continue to monitor implementation processes to ensure the LFUCG's plan to meet EPA requirements is completed in a timely and cost effective manner. We support periodic, independent performance reviews/audits to ensure taxpayer dollars are being used efficiently by local government throughout project implementation.



Track New Sanitary Sewer and Storm Water Permits and Fees

Commerce Lexington will continue to engage local and state officials to ensure that requirements of new sewer and water permits are not too restrictive and do not exceed state or federal regulations and that the plan and the implementation schedule is feasible and cost effective. We also will continue to educate members about the impact of the new permits.

Air Quality Rules & Regulations

Commerce Lexington will engage local and state officials regarding the development of the state's carbon plan and other air quality standards to ensure these regulations are not too restrictive, have the least cost impact on business, and protect Kentucky's low cost energy rates. Commerce Lexington will continue to engage with local workgroups to review air quality rules and regulations, educate our members, explore strategies and make recommendations as federal, state and local policies are developed.

Support Energy Efficiency Measures

Across the nation, companies – including those in Central Kentucky – are taking positive measures to make their operations more energy efficient, which has led to a reduction in carbon emissions. Commerce Lexington supports voluntary energy management programs, pollution controls and pollution prevention programs because they are good for the environment and financially good for business. Commerce Lexington supports incentives for companies that go above and beyond their regulatory requirements, and recognizing companies who have already implemented positive best management practices to reduce their energy consumption.

ENERGY AND ENVIRONMENT

Water Quality Rules & Regulations

Commerce Lexington supports a process where the General Assembly must review and approve any changes to new General Permits being proposed by state agencies. We also support legislative review for Total Maximum Daily Loads (TMDLs) and other water quality related requirements on our streams developed by the state or U.S. EPA.

Commerce Lexington urges Congress to take appropriate action that would either substantially modify or repeal the Waters of the U.S. (WOTUS) Rule. Furthermore, Commerce Lexington urges Congress and the Trump Administration to take action that would modify the Clean Water Act (CWA) to clarify Congressional Intent and define Waters of The United States.

We believe the proposed WOTUS Rule exceeds the scope of federal power under the CWA and goes well beyond what is reasonable regulation. The rule redefines the process for how a water is determined to be subject to regulation in such broad terms that almost any area could be included. This rule will cause confusion and uncertainty in the business community and could adversely impact economic development due to unreasonable regulations and permitting.

Central Kentucky Water Supply and Infrastructure

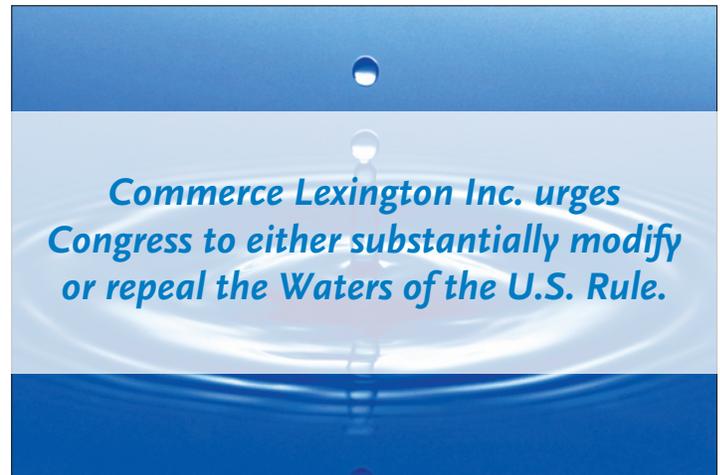
Commerce Lexington supports an efficient, equitable and sufficient water supply for the entire region. Commerce Lexington supports investments in maintenance and upgrades on the lock and dam systems of the Kentucky River to enhance and conserve our region's primary water supply, as well as appropriate, ongoing investments in other water system infrastructure to maintain quality, reliable water service for communities. Commerce Lexington also supports interconnectivity agreements among municipalities throughout Central Kentucky.

Land Use Planning

Commerce Lexington opposes statewide, prescriptive attempts to shape local land use and development contrary to community established needs and priorities. Commerce Lexington believes it is imperative for regional communities to voluntarily collaborate and coordinate regional planning efforts related to natural resources, housing, utilities, economic development and transportation.

Commerce Lexington encourages communities to develop comprehensive plans that balance the need for housing and economic development while protecting agriculture industries and natural resources. Affordability of housing is not just an issue for low income central Kentuckians; availability and affordability of housing is an issue of concern for expanding and relocating companies. As we plan for continued growth and development, we must evaluate the impact each decision has on our ability to develop and maintain housing options within the reach of all our citizens.

Commerce Lexington strongly supports the use of Brownfield Redevelopment in communities through the use of the Voluntary Environmental Remediation Program (VERP) and Kentucky's Bonafide Purchaser Program which reduces liability for future property owners. These programs should be expanded to allow tax incentives, low interest loans or grants or other federal and state matching funds for those committed to redeveloping the state's Brownfield sites.



Solid Waste

The management of solid waste is a local responsibility and existing law allows local governments the necessary flexibility to develop a solid waste disposal strategy unique to the needs and expectations of their individual communities. Commerce Lexington urges enhanced enforcement and education to address illegal dumping and littering. We support programs such as Eastern Kentucky PRIDE and Bluegrass PRIDE (Bluegrass Green-source) that encourage and assist citizens, local governments and schools to clean up illegal trash dumps and other solid waste problems as well as promoting environmental awareness and education. Education remains a critical component in changing the habits and attitudes of individuals across Kentucky. We also support programs that educate Kentuckians on the benefits of recycling, programs that make recycling more convenient, and strategies that develop and enhance market demand for recycled materials. Commerce Lexington believes that this type of multi-faceted strategy will have a more significant, long-term impact in addressing the need for Kentucky to embrace recycling.

Kentucky's solid waste statutes are contradictory and some are currently out of step with some of EPA's recent regulations. Commerce Lexington supports a review of Kentucky's solid waste statutes and a reasonable, thoughtful update to provide clear direction to the regulated community.

Environmental Streamlining

Implementation of infrastructure projects is critical for community development. Often these public projects are subject to requirements for review of environmental impacts in accordance with the federal National Environmental Policy Act. Although such impacts can and should be considered, the process for evaluation of, and challenges to, infrastructure projects on that basis must be streamlined to assure that important public infrastructure projects are not victims of procedural maneuvering and unnecessary delay.

Commerce Lexington supports legislative efforts that:

- Require concurrent review of documents.
- Require full disclosure of funding from those either for or against a particular issue.
- Recognize the need to restore balance to the process of public need and environmental stewardship.

TAX AND REGULATORY POLICY

Commerce Lexington recognizes that in an increasingly competitive global marketplace, promoting long-term economic development and job growth must be a top priority when revenue options are being considered. Tax and regulatory policy at all levels of government 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 economic growth and private sector employment and investment. State and local tax code changes should recognize and encourage long-term future growth, and provide sufficient revenue options so that local governments are able to tailor their tax policy to local conditions. Commerce Lexington encourages lawmakers to monitor the impact of Kentucky's tax code on the private sector and to take action when necessary to ensure Kentucky remains competitive with its surrounding states.

Comprehensive Tax Reform

As the Kentucky General Assembly contemplates comprehensive tax reform, Commerce Lexington strongly urges lawmakers to evaluate existing tax policies and proposed changes by using the following criteria:

- **Effective:** Tax policies should be reviewed to determine their intended or unintended consequences. Tax laws proving contrary to their intention or more burdensome than intended should be repealed or scaled back.
- **Competitive:** Tax policy should promote a positive climate that encourages business investment and job growth.
- **Revenue Sensitive:** Tax policy should provide sufficient revenues overall to fund critical priorities.
- **Predictable:** Sources of tax revenue should be relatively predictable and stable over time.
- **Equitable:** Tax policy should be fair but must not discourage economic activity, employment, or wage growth.
- **Efficient:** Any tax policy must be designed to facilitate cost efficient compliance and administration.

Comprehensive Regulatory Review and Reform

Commerce Lexington urges federal, state and local governments to consider a comprehensive review of the regulations, taxes and fees impacting businesses to determine areas where these policies could be modified, reduced, streamlined or eliminated to improve government efficiency and create a more business friendly environment for Lexington and Kentucky. Commerce Lexington urges federal, state and local governments to look at any agency fee increase or regulatory change carefully and examine the fee increases based on need, rate of inflation and economic impact on business. No fee or regulations with significant fiscal impact on business should be increased without the clear approval from the appropriate federal, state or local legislative body with oversight authority. We encourage sensitivity at the local and state level to regulations that are more stringent than federal regulations that hurt Kentucky's economic competitiveness, and urge local or state legislative approval of any regulation that deviates significantly or is more stringent than federal guidelines. Commerce Lexington supports the Governor's Red Tape Reduction Initiative and will continue to encourage businesses to provide feedback to the Bevin administration on regulations that need to be modified or eliminated to make Kentucky more business-friendly.

Commerce Lexington also strongly urges the Kentucky federal delegation to support commonsense regulatory reform that restores accountability, transparency and public participation in the federal rule making process. This includes support **The REINS Act**, aimed at improving Congressional oversight of federal agencies and requires Congress to approve every new "major" rule that has an annual economic impact of \$100 million or more proposed by the Executive Branch before it can be enforced on the American people.

Unfunded Mandates/Affordable Solutions

Commerce Lexington opposes unfunded mandates trickling down from federal and state agencies that impact local governments without regard to the affordability of the mandates, and the ability of a local community, its businesses and taxpayers to absorb the costs. Commerce Lexington will advocate for regulatory reform efforts at all levels of government to address the problems associated with unfunded regulatory mandates.

These efforts should include, but not be limited to the following:

- Agencies should be asked to demonstrate the economic impact to businesses and local communities of implementing new regulations.
- Consent Decrees or other legal or administrative requirements should take into account and publicly demonstrate the ability of local governments, quasi-governmental agencies, schools and businesses ability to afford the alternatives demanded by the state and/or EPA.
- These financial analyses should be conducted by people with experience in developing financial impacts before the solution is finalized.
- If it is determined that the entity cannot reasonably afford the solution required by the state or federal agency, then the state should be required to assist the entity in developing an alternate financial plan.

Local Option Sales Tax

Commerce Lexington supports an amendment to the Kentucky Constitution, and enabling legislation, that would permit cities and counties, including urban county governments, to enact a local option sales tax, not to exceed one percent with a sunset provision. The tax would be for funding dedicated to specific local projects, as proposed by the local government and approved by voter referendum.

Alcohol Taxes

As part of comprehensive tax reform, Commerce Lexington believes Kentucky must examine the manner in which the state taxes distilled spirits, beer and wine. Kentucky has one of the Top 5 tax rates on alcohol sales in the US, higher than all contiguous states except Tennessee. The Kentucky General Assembly should consider rolling back the wholesale tax on alcohol sales in order to make the Commonwealth's distilled spirit and alcoholic beverage industry more competitive with surrounding states.

Revise the Limited Liability Entity Tax

Commerce Lexington supported the 2006 Tax Modernization by the General Assembly. However, the creation of the Limited Liability Entity Tax (LLET) and the lack of ability to offset pass-through credits against tax on income from other businesses and other years have become problematic. Commerce Lexington supports efforts to adjust the tax code to encourage entrepreneurial investment in the Commonwealth.

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To find out more about the Kentucky Legislature, including pending legislation, current laws, and meeting schedules, visit www.lrc.state.ky.us.