



LEGISLATIVE FOCUS 2019

LOCAL | STATE | NATIONAL
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 more than 1,700 members on whose behalf we speak.

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CLX 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.

U.S. Capitol Building



A nighttime photograph of a cityscape in Lexington, Kentucky. The sky is dark blue. In the background, several skyscrapers are illuminated. One prominent building has a large blue "C" logo on its top. To the right, a tall, dark building is lit up with blue light. In the foreground, there are multi-story residential or commercial buildings with lit windows. A street with streetlights and parked cars is visible on the right side.

FUELING LEXINGTON

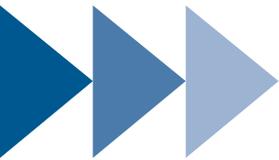
Kentucky Coal Association is dedicated to informing and educating Kentucky citizens about the coal industry and its vital role in the state's future. We provide a united voice for an industry that has been and remains a critical economic contributor to Kentucky.

GET INVOLVED

WWW.KENTUCKYCOAL.COM



2018 Kentuckians in Washington Summer Reception during Central Kentucky's Washington Fly-In in July.



CLX PUBLIC POLICY COUNCIL

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Big Ass Solutions

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Judy Taylor
Keeneland Association

Darryl Thompson
Fayette County Public Schools

George Wallace
WesBanco Bank

Ashli Watts
Kentucky Chamber of Commerce

Tyler White
Kentucky Coal Association

WHAT CLX DOES FOR YOUR BUSINESS



CLX's Public Policy Division:

- ▶ Actively monitors all legislative activity from Urban County Government, the Kentucky General Assembly and the U.S. House and Senate.
- ▶ Provides extensive lobbying efforts for small and large businesses, non-profits and education groups at a local, state and federal level.
- ▶ Conducts 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.

Public Policy Luncheon Series

This event series is a unique opportunity for members and guests to network over lunch and hear from leading State and National officials about current events and critical issues confronting our region, state, and country. Over 1,000 people attended the Public Policy Luncheon series in 2018, featuring U.S. Senator Mitch McConnell, Kentucky Agriculture Commissioner Ryan Quarles, **U.S. Transportation Secretary Elaine Chao (pictured below)**, and Lexington Mayoral Candidates Ronnie Bastin and Linda Gorton.



Bowling Green Mayor Bruce Wilkerson, Warren County Judge Executive Mike Buchanon, and Bowling Green Chamber President Ron Bunch spoke to the Kentucky Regional Tour delegation in October.

Kentucky Regional Tour

Commerce Lexington Inc. recognizes the vital role that other Kentucky regions play in Central Kentucky's economy. Since 2009, Bluegrass leaders have toured portions of Eastern Kentucky, South Central Kentucky, Northeastern Kentucky, areas in and around Louisville, Northern Kentucky, and Western Kentucky to get a better understanding of challenges in those areas, and learn about successful projects and initiatives. State lawmakers consistently vote on projects that impact the Bluegrass, so this is our way of recognizing their efforts and support. **In October 2018, a group of about 50 people visited and studied Bowling Green.**

Washington, D.C. Fly-In

The Bluegrass Region's Annual DC Fly-In is comprised of Central Kentucky's leaders from the business community, non-profit sector, post-secondary institutions and local elected officials who travel to Washington, D.C. to meet with Kentucky's federal Congressional delegation to advocate on behalf of the region's federal legislative agenda. In addition to meeting with Kentucky's federal delegation, the DC Fly-In affords participants the opportunity to hear from various leaders and policy experts on Capitol Hill over a two-day period. **About 50 regional leaders participated in the D.C. trip in July 2018.**

Central Kentucky Day at the Capitol

The focus of this event is to provide an opportunity for advocacy, relationship building and issue education in Frankfort during the 2019 General Assembly. During the day-long event, business and community leaders from Central Kentucky, local and state elected officials, local chambers and economic development groups will come together in Frankfort to discuss state policy issues of importance to the region. During the visit, meetings will be held where attendees will interact with state legislators and top-level Executive branch officials and other issue experts. A lunch event will be hosted for attendees in the Capitol Annex. Other invitees to the special legislative lunch include the Governor's Office and staff, Executive Branch officials and all state legislators.

Fayette County Public Schools

Commerce Lexington fully supports the Fayette County Public Schools (FCPS) Strategic Plan, *Expect Excellence*, developed with input from more than 18,000 stakeholders including students, staff, families, community and business leaders, and adopted by the Fayette County Board of Education. The five imperatives: Excellent Student Opportunities, Excellent Schools, Excellent Staff, Excellent Supports and Excellent Relationships will guide the work of the district. Commerce Lexington is encouraged by the development and implementation of the strategic plan to transform Fayette County Public Schools. The business community is committed to partnering with FCPS in efforts aimed at ensuring excellence, equitable access, opportunity, career-based learning and participation for every student to meeting the districts two moral imperatives: to accelerate the academic success of students reaching toward proficiency and to challenge students who have already reached proficiency to become more globally competitive. We are also encouraged by the transparency and accountability provided by the district in reporting its progress through status trackers, school and district report cards and an annual *State of the Schools* publication, as well as the alignment of district priorities to budget planning.

Family & Community Engagement

Family and community engagement through shared accountability and advocacy are critical to ensuring that Lexington has a world-class system of great schools. As our community has grown and changed, students carry heavier burdens with them to school, such as the effects of food scarcity, housing insecurity and homelessness, poverty, and community-based trauma – all of which can be barriers to academic achievement. Family and community engagement are truly embraced within a community by collectively recognizing the various ways to effectively support children’s learning and health development within the home and school. Students with engaged families earn higher grades, have an increased ability to adapt, possess better social and emotional skills, exude better behavior, attend school more regularly, exhibit faster rates of literacy acquisition, and graduate to go on to higher educational pursuits and careers. Recognizing that every child deserves a champion, Commerce Lexington supports innovative approaches to increase capacity to support the engagement of families and other caring adults as partners in schools. Initiatives include: Family University, Give 10, Summer SLAM and the Real Men Read programs to provide avenues for family education and community advocacy. Commerce Lexington is committed to supporting these and other efforts that help transform schools from the outside in by strengthening families, neighborhoods and communities.



About 1,300 freshmen students from three Academies of Lexington high schools attended a Career Exploration Event presented by Lexmark.

STEM is 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 career-related 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 science curriculum.

Kentucky Education Television (KET)

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.

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.

Support Robust & Relevant Standards for College & Career Readiness

Commerce Lexington supports standards that are designed to be robust and relevant to the real world, reflecting the knowledge and skills that our young people need for success in post-secondary education and careers. With Central Kentucky students fully prepared for the future, our communities will be positioned to provide the workforce needed to compete for business retention and recruitment.

Quality Education Investments

Commerce Lexington urges policymakers to make education funding a top priority in the budget process. We recognize numerous studies have determined that Kentucky’s education funding is inadequate and oppose further cuts to the base funding and flexible focus funds (i.e. Extended School Services, Preschool, Professional Development, Textbooks and Safe Schools). 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 district’s calendar and advocates for keeping local decision-making reflective of the needs of each community.



Empower the Future™



During the 2017-2018 school year, Kentucky’s JA offices served **126,433 students** in **5,095 classrooms** across the Commonwealth providing **993,062 instructional hours**.



Junior Achievement®

Financial Literacy | Work Readiness | Entrepreneurship

University of Kentucky

Commerce Lexington recognizes and supports the critical role UK plays in workforce development, health care, and economic development for Lexington and all of Kentucky. States with nationally-recognized public research universities have healthier, more prosperous citizens. Commerce Lexington urges the Governor and General Assembly to continue to support UK by supporting 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 seven years, UK initiated or approved some \$2.3 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, first-year classes that have joined the UK family and moved total enrollment to nearly 30,500. These students are succeeding at higher levels, translating to record degree attainment, including nearly 7,100 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 2017-18, UK received \$333.8 million in research awards—signifying that UK is a major player among research institutions in the country. In addition, UK owns 601 worldwide patent assets, illustrating the commercial opportunities of research and directly impacting the economy of central Kentucky.
- ▶ UK HealthCare—Kentucky’s top hospital for the last three years—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 exceed more than 40,900 annually and have grown by more than 114 percent since 2003. Over 6,900 jobs have been created - all with no additive state appropriations to UK HealthCare.
- ▶ In total, the \$3.9 billion flagship and land grant research university yields a 12-fold return on the Commonwealth’s investment. UK employs more than 20,000 people paying more than \$106 million in state and local taxes. UK has spent nearly \$5.5 billion with Kentucky companies since 2011, and UK Extension Services reached 1.16 million Kentuckians through nutrition education programs, healthy living initiatives, 4-H, and modern farming practices last year.
- ▶ UK recently launched “Kentucky Can: The 21st Century Campaign” – a \$2.1 billion comprehensive campaign focused on six major areas of the university: student success, health care, research, endowment, alumni, and athletics. The campaign is designed to engage donors and increase private support for student scholarships and financial aid, research and discovery that addresses Kentucky questions, and to further endow programs critical to the long-term success of the university.



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. Bluegrass Community and Technical College (BCTC), a member college of the system, serves Central Kentucky. The central mission is to provide a well-trained workforce and pathways to a bachelor’s degrees in central Kentucky and the Commonwealth. To achieve this goal, KCTCS is aligning its strategic plan with other education and workforce agencies and organizations, BCTC is working with local employers to ensure the curriculum meets local needs, and KCTCS/BCTC is maintaining the lowest tuition of postsecondary institutions in Kentucky. Many Central Kentuckians - including incumbent workers, job seekers who need updated skills, or high school students planning for careers – need access to high quality skills training. Commerce Lexington supports KCTCS and BCTC in their efforts to support regional business development, enhance technical skills training, provide “work ready” employees and create a seamless pathway to a bachelor’s degree. Commerce Lexington supports increasing funding to scholarships to expand access to technical skills training and high school dual credit.



Economic Development Incentives

Commerce Lexington supports the development of new incentives and investment strategies to help Kentucky's businesses grow and prosper in today's global economy. Although not a substitute for comprehensive tax reform, Commerce Lexington supports 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.

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 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 an effective one-stop shop for the economic development needs of its clients. This program has served over 18,403 clients and announced the creation of nearly 14,613 new jobs and nearly \$4 billion in capital investment.



Land Use Planning

Commerce Lexington supports local control and decision-making in the areas of land use planning. Commerce Lexington believes it is imperative for regional communities to collaborate and coordinate regional planning efforts related to natural resources, housing, utilities, economic development, transportation and the possibility of revenue sharing. Through the Bluegrass Alliance and Central Kentucky Policy Group, Commerce Lexington works closely with local governments, economic developers and community leaders throughout central Kentucky to develop a common vision for the prosperity of our region.

- ▶ 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 supports policies and initiatives to provide a sufficient supply of land that is readily available for economic development opportunities and job creation through a public and/or public-private business park aimed at recruiting high wage jobs. This includes the land exchange agreement between the LFUCG and the University of Kentucky to make 200+ acres available for jobs at UK's Coldstream Research Park.
- ▶ Commerce Lexington will continue to advocate for jobs land to include the following components such as but not limited to: shovel-ready, properly zoned, infrastructure and transportation access, large block tracks, and competitive pricing.

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High-Tech Ecosystem

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. Commerce Lexington will be an advocate for public/private partnerships that move ideas to theory, theory to applied research, and applied research to profitable 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 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.
- ▶ We urge state government to support policy changes to the state's SBIR/STTR grant matching program that target investments in the most viable companies for commercialization, provide those businesses with more entrepreneurial support to aid growth and allow for the state to have a greater return on investment (ROI) for those incentives.
- ▶ Commerce Lexington also supports continued funding of the Kentucky Innovation and the Angel Investors Networks.

Expand Wireless and Wired Broadband Infrastructure

In a 21st century global economy, our telecommunications infrastructure is crucial. The progress we have seen in Kentucky in recent years, in terms of accessibility to and adoption of broadband internet, has been remarkable. In fact, from 2013 to 2015, more than 800,000 Kentuckians gained access to broadband. Seventy percent of those new connections were in rural Kentucky. Based on the Federal Communications Commission *2018 Broadband Deployment Report*, Kentucky has moved from 47th in the nation to 37th, a significant jump that is due to the substantial investment of private risk capital by Kentucky's communications providers.

Many of Kentucky's surrounding states offer tax exemptions to incentivize expanding and upgrading networks and/or broadband buildout grants to aid the private sector in deploying last mile service to unserved areas, or both.

Commerce Lexington supports improving Kentucky's wireless and wired broadband infrastructure. We support efforts at the local, state and federal level to increase the deployment of incentives for wired and wireless networks across the Commonwealth, while also opposing policies that would impede or hamper investment in digital infrastructure and economic development.

Transportation Infrastructure & Funding

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, and investments in the infrastructure required to improve interconnectivity in the region and along the state's vital corridors.

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. We support a funding distribution model that is more equitable to the areas with greater road use. Commerce Lexington also supports modernizing the method for funding infrastructure to reflect changes in use.

Commerce Lexington supports state and federal transportation funding for rural and urban transit agencies to allow for improvements in direct operations, including new service delivery methods for all areas including target population group such as seniors, low-income workers and people with disabilities.

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 central Kentucky 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 by protecting the state marketing funds that produce a 15 to 1 ROI.

Agriculture & Industrial Hemp Industry

Commerce Lexington supports legislative efforts to remove state and federal roadblocks to the production of industrial hemp that keep Kentucky from being a leader in this agricultural sector.



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 that 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 our equine industry to remain competitive.

Since its inception, wagering on historical horse racing has provided a positive economic impact on 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 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.



Mobilizing your community

Connected communities are strong communities. By advancing our technologies and services, we're helping to create the opportunities that make Kentucky a better place to live, work and play.

When everything works together, your community moves forward.



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We Must Protect Our Signature Industries...



ECONOMIC DEVELOPMENT

Sports Betting

Commerce Lexington supports allowing sports wagering in Kentucky, as allowed by the 2018 U.S. Supreme Court decision. Any legislation to approve sports wagering in the Commonwealth must protect existing signature industries and racing facilities.

Distilling Industry

Kentucky's legendary distilling industry has a significant impact on the state's economy, producing 95% of the world's bourbon. Bourbon is an \$8.5 billion signature industry in Kentucky, generating 17,500 jobs with an annual payroll of \$800 million. Spirits production and consumption generates more than \$825 million in federal, state and local tax revenues every year. Commerce Lexington 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 continue to update statues written before the Kentucky Bourbon Trail and the Kentucky Bourbon Trail Craft Tour were created to take advantage of the booming Bourbon tourism industry. Commerce Lexington recognizes that with this unique product comes responsibility, therefore we support continuing responsibility efforts geared towards preventing underage drinking and DUI offenders.

Malt Beverage & Craft Brewing Industry

Commerce Lexington is proud of our locally-owned craft breweries and our locally owned distribution network. We support the maintenance of a strong and independent 3-tier system for the sale, distribution and regulation of malt beverages. This system promotes family-owned and operated businesses, preservation of jobs, strong community reinvestment, and the ability of large, regional, and small/local brewers to deliver their products to the market and ultimately the consumer.

International Trade

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. Kentucky set a new record in 2017 with \$30 billion in exports. These exports directly support 140,000 jobs in Kentucky, with tens of thousands more indirectly supported by exports. Commerce Lexington urges elected officials to support fair and equitable trade agreements that open new markets and create new opportunities for businesses and workers in our region. We remain concerned about the negative economic impact of tariffs proposed or imposed, as well as the continued uncertainty over the future of trade agreements, on Kentucky's signature industries. Commerce Lexington will continue to monitor these issues, seek feedback from local employers and communicate economic impacts to federal officials.



Public/Private Partnerships

Commerce Lexington Inc. encourages 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

Commerce Lexington remains concerned about the financial viability of Kentucky's public employee pension systems, the downgrading of state's bond rating and the negative impact on businesses. 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 Inc. 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.

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.

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. The adjustment or alteration of these benefits are decisions that can and should be made as a matter of public policy.

Employer & Labor Union

Maintaining the balance between labor unions and employers is critical to continued job creation. Commerce Lexington urges federal officials and the National Labor Relations Board (NLRB) to support policies and rulemaking that promote economic growth. We strongly encourage the appointment of a full and balanced NLRB and urge federal and state officials to fight changes to our labor law system that undermine employer-employee relations.

WE URGE SUPPORT FOR LABOR LAWS THAT:

- ▶ Maintain a balance of representation on the NLRB, with members properly vetted and ratified through Congress.
- ▶ 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, and do not impose one-sided penalties.
- ▶ Consider the use of e-mail and social media to misrepresent picketed areas, an Unfair Labor Practice.

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.

Unemployment Insurance

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 will continue to monitor the implementation of the reforms to the state's unemployment insurance system, and support efforts to reform the benefit structure to keep costs and benefits competitive with other states and increase workforce participation. Further, Commerce Lexington supports efforts to provide those out-of-work with access to training and career counseling.

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Workers' Compensation

Commerce Lexington applauds the General Assembly for enacting reforms in 2018 to the state's workers compensation system to provide clarity to statutes, improve return to work outcomes and lower costs for employers. We will continue to monitor the implementation of these reforms and support workers' compensation regulations that offer clear and objective definitions of injury and disability, use objective medical findings of impairment for awards, reduce litigation, encourage retraining and education, and return to work while abating growing costs for central Kentucky employers. Commerce Lexington supports legislative or regulatory measures 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 to protect public safety with the enactment of corrections reform legislation in 2011 and juvenile justice code reforms in 2014, while establishing a system to control spiraling corrections costs. 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 re-enter and 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 believes that Kentucky's five-year statute of limitations 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.





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 the 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.

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 how other states tax 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 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.

Bank Franchise Tax

Commerce Lexington supports changes to the way banks are taxed in Kentucky to improve competitiveness and increase access to capital while not creating any loss of current or future revenue for local governments. Kentucky's bank tax rate is the highest in the nation

and 92% higher on average than the tax rate on any other corporation in the state. The current taxation model limits funds available for lending in support of local commerce and for philanthropy in local communities.

Regulatory 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. We encourage sensitivity at the local and state level to regulations that are more stringent than federal regulations that hurt Kentucky's economic competitiveness.

Commerce Lexington supports the Governor's Red Tape Reduction Initiative and will continue to encourage businesses to provide feedback 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.

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.

THESE EFFORTS SHOULD INCLUDE, BUT NOT BE LIMITED TO THE FOLLOWING:

- ▶ Review of 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.
- ▶ 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.

Protect Kentucky's Low Cost & Reliable Energy Rates

Commerce Lexington urges local, state and federal officials to support efforts to maintain the production of affordable, reliable energy for business and residents. Kentucky offers some of the lowest electricity rates in the nation due in large part to the abundance of coal resources for electricity generation. This competitive advantage has allowed Kentucky to attract thousands of manufacturing jobs. However, Kentucky is more dependent on coal for power generation than virtually any other state in the union. As a result, Kentucky businesses and economic developers remain concerned about proposed regulations on carbon emissions, electricity generating facilities that use coal, and new regulations on Kentucky's mining industry. Commerce Lexington supports EPA's proposal to replace the Clean Power Plan (CPP) with a new Affordable Clean Energy (ACE) Rule. Commerce Lexington will continue to monitor developments regarding the ACE Rule and will encourage state and federal officials to do the same.

Commerce Lexington also urges the state and federal officials to monitor and clarify proposed rule changes related to Coal Combustion Residuals (CCR), New Source Review (NSR) and Waters of the United States (WOTUS), to mitigate the negative economic impact such rules can have on Kentucky employers and families.

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. Coal has advanced Kentucky's economy by providing plentiful and safe energy to consumers and industry. Coal provides over 79% of Kentucky's electricity helping to make our electricity some of the most affordable, reliable, and resilient in the U.S. This source of baseload power continues to provide Kentucky economic opportunity by attracting new businesses and diversifying our local economies. Commerce Lexington will continue to support efforts to ensure coal remains an integral part of our country's energy portfolio, and that there is a level playing field for all low-cost fuel sources to secure low electricity rates in Kentucky.

Promote a Sensible Regulatory Approach

Commerce Lexington opposes regulations at the local and state level that are more stringent than federal regulations, and those that result in significant adverse economic on citizens, farmers, cities and industries. Commerce Lexington supports common-sense regulatory reform that restores accountability, transparency, use of scientific data and public participation in the rule-making process across all regulatory agencies. We urge all levels of government to engage in a thorough review of existing regulations, current MOU's, MOA's and other guidance documents to identify statutes or regulations that need to be clarified, eliminated or modified to increase economic competitiveness for businesses.

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 expansion of investment in the infrastructure, distribution, production and use of oil and natural gas through a review, elimination, or updating of outdated or duplicative regulations. 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.

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 research grants and other incentives for our state's postsecondary institutions and private sector companies to develop technologies and infrastructure needed to support Kentucky's energy economy. **Specific initiatives include:** carbon capture research and development; utilization of byproducts from power generation; alternative uses for coal; renewable fuels; and energy from Kentucky resources, including landfill gas, biomass, wind, hydro and solar, anaerobic digestion or compressed natural gas; and organic electronic materials for energy harvesting.
- ▶ Protect our energy rates from overbearing state or federal regulations, fuel mandates and tax policy changes that will raise rates and neutralize Kentucky's competitive energy prices.
- ▶ Support updating Kentucky's laws related to the adoption of distributed energy resources (DER's), such as privately-owned solar power generation, to maintain low-cost energy for all customers on the power grid. Existing policies, originally adopted to incentivize implementation of new technologies, should be re-examined to ensure all costs to support and maintain reliable energy infrastructure is shared fairly.
- ▶ Adopt the recommendations of the KY Energy & Environment Cabinet to dedicate a modest percentage of the VW Settlement to investments in Kentucky's electric vehicle charging infrastructure.



Storm Water/Sanitary Sewer & Consent Decree Implementation

Commerce Lexington will continue to monitor implementation processes to ensure the LFUCC'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 storm water permits, fees, applications and guidance documents 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 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.

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, 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 Infrastructure

Economic development often requires extensive capital investment for the extension of energy infrastructure to serve new and growing businesses. Commerce Lexington supports legislation and regulatory action to allow Kentucky's utilities to develop financial mechanisms and capital incentives to extend their facilities to new and expanded businesses, industrial and business parks, residential development and other locations which will result in the creation of new economic growth not currently served by existing infrastructure.

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Our energies go to:

powering
businesses and
empowering growth.

Producing safe, reliable power for the companies that depend on us is only part of our job at KU. We also power Kentucky with some of the lowest rates in the nation to attract new business and help existing ones expand. **Our energies go to serving you.**



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Water Quality Regulations

Commerce Lexington supports a process that enhances oversight of the review and approval of changes to new General Permits and other administrative actions that are proposed by state agencies. Commerce Lexington supports the President's Executive Order to rescind and clarify a commonsense approach to developing a Waters of the U.S. rule. It is important to more clearly define how a water will be regulated by the U.S. EPA and the U.S. Army Corps of Engineers under the Clean Water Act. These designation methods should avoid adverse impact on 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.

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 Greensource 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. Some of Kentucky's solid waste statutes are currently more stringent than their federal counterparts. Commerce Lexington supports reasonable, thoughtful reviews and updates to current solid waste rules that will provide consistency and clear direction to the regulated community.

Brownfield Redevelopment

Commerce Lexington strongly supports the use of Brownfield Redevelopment in communities through available state programs such as 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.

Streamline Environmental Permitting

Implementation of infrastructure projects is critical for community and economic development. Often the 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 INC. SUPPORTS LEGISLATIVE EFFORTS THAT:

- ▶ Encourage concurrent review and approval of permits, where feasible.
- ▶ For critical infrastructure or environmental permits, have a lead agency designated to ensure that good communication is established between the applicant and affected agencies. This person would be responsible to ensure that all permits necessary are identified, permit review timeframes are established and met, or the timeframes for permit review are reduced.
- ▶ Allow interested applicants to reimburse the department for overtime costs incurred by employees that work overtime to expedite a permit, modification, license, registration or variance.
- ▶ Afford Departments within State Government the ability to hire contractors to expedite issuance of a permit modification, license, registration or variance.
- ▶ Have each Agency provide on-line specific information regarding how best to achieve timely permitting decisions; provide clear expectations for applicants to improve the quality of applications; establish performance measures for review staff and develop, improve and encourage electronic permitting tools.
- ▶ Ensure that the permitting process will be balanced and will take into consideration economic impact of the project, public need and the requirements of existing environmental laws and regulations.

Support Policies That Lower Premiums & Promote Greater Competition

Commerce Lexington Inc. believes that both business owners and employers should have the opportunity to provide and have access to quality, affordable health insurance for themselves and their employees. However, federal and state policies have created a great deal of uncertainty for employers and business owners. Commerce Lexington remains concerned that business owners and employers that have previously provided voluntary health insurance coverage for their employees now face mandated levels of health insurance coverage as well as increased taxes, premiums, penalties and a lack of choice in obtaining necessary coverage. Therefore, Commerce Lexington encourages changes to federal and state policies that promote lower premiums and greater competition in insurance markets. 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 and themselves without being continually overburdened with federal regulations and penalties or be subject to adverse selection by limited choices.



Effectively Combat Drug 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 Inc.

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. We urge officials to direct state and federal funds in this area in an effective and efficient manner using evidence-based approaches. We also support increased accountability over how these funds are being spent and urge increased transparency in outcome reporting.

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 all areas of Kentucky and all Kentuckians.

Reduce Tobacco Usage

Kentucky continuously leads the nation in use of tobacco and tobacco related products in adults; among pregnant women and among high school and middle school students. The tobacco related loss of economic productivity is over \$2 billion dollars annually in Kentucky alone. Commerce Lexington fully supports raising Kentucky's cigarette tax by at least \$.50 on all tobacco and tobacco-related products to be more in-line with the national average. Commerce Lexington Inc. supports tax parity on e-cigarettes equal to the tobacco tax rate on traditional cigarettes. Initiatives should be implemented to reduce smoking among Kentucky 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. Health and wellness programs offer employers the opportunity to promote preventive health care as well as educate and encourage 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.

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Reasonable Liability Reform

Commerce Lexington will support effective measures to address the escalating costs of health care and medical malpractice insurance for health providers to lower health care costs, health insurance premiums, and improve access to care. Commerce Lexington supports the implementation of peer review protection and a constitutional amendment that would permit the Legislature to consider comprehensive tort reform. Current law in Kentucky also allows unlimited damages for noneconomic losses. These damages are awarded based on pain and suffering, emotional distress, and other intangible injuries that occur because of medical malpractice or personal injuries. In addition, there is no cap on amounts a jury can award in punitive damages. Kentucky is the only state in our region that does not have any form of caps on damages. These damages involve no direct economic loss and have no precise value. It is very difficult for juries to assign a dollar value to these losses, given the minimal guidance they customarily receive from the court. As a result, these awards tend to be unpredictable. The specter of a “jackpot” verdict always in the background discourages many providers from locating in Kentucky and represents a barrier to economic development in the region.

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. A third of Kentucky’s population is currently served by Medicaid – an unsustainable reality.

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 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 supports the intent of the proposed waiver by the Governor to control costs and commends the administration for tackling the challenges of Kentucky’s Medicaid program. Commerce Lexington Inc. supports efforts to improve access to healthcare, create a sustainable Medicaid program while protecting critical state investments in education and other vital programs.



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