



Commerce
Lexington
The Greater Lexington
Chamber of Commerce, Inc.

2021

LEGISLATIVE PRIORITIES

- LOCAL
- STATE
- FEDERAL



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 1,800 members on whose behalf we speak.

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A nighttime photograph of a cityscape in Lexington, Kentucky. The sky is a deep blue. In the background, several skyscrapers are illuminated. One prominent building has a large blue "C" logo on its top. To the left, a building has "HYATT" lit up. Another building has "Hilton" visible. In the foreground, there are modern, 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

ADVOCATING FOR BUSINESS

Commerce Lexington Inc.'s Public Policy Division

- Actively monitors legislative and regulatory activity from Urban County Government, Kentucky General Assembly and the U.S. House and Senate related to priority issues.
- Advocates for priority issues on behalf of the Lexington business community at the local, state and federal level.
- Helps members navigate government agencies and address issues impacting their business
- Manages the Public Policy Council, a committee of 50 volunteer members representing a cross section of chamber membership. The Council develops the Policy Statements each year and guides the chamber's position on key issues that impact economic growth.
- Participates in Legislative and legal coalitions, submitting letters, filing briefs, and testifying on behalf of business at committee meetings.
- Provides communications to during the Legislative Session and throughout the year about policy issues including bills or ordinances with impacts on business and the local economy.
- Creates numerous educational and networking opportunities throughout the year from members to interact with local, state and federal officials or policy leaders.

Public Policy Over Lunch Series:

In 2020, Commerce Lexington's regular in-person Policy Luncheon Series became the Public Policy Over Lunch Series via Zoom, providing the same great opportunity to hear about timely topics from key government officials like U.S. Congressman Andy Barr, Kentucky Attorney General Daniel Cameron, Kentucky Governor Andy Beshear, and Kentucky Transportation Cabinet Secretary Jim Gray.

Central Kentucky Day at the Capitol:

During non-pandemic times, the focus of this event is to provide an opportunity for advocacy, relationship building and issue education in Frankfort during the 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 enable attendees to interact with state legislators and top-level executive branch officials and other issue experts. Other invitees to the special legislative lunch include the Governor's Office and staff, Executive Branch officials and all state legislators.

D.C. Fly-In / Federal Policy Forum:

Regional leaders from the business community, non-profit sector, post-secondary institutions and local elected officials were unable to travel to Washington in 2020 due to COVID-19, so Commerce Lexington Inc. brought D.C. to the Bluegrass via Zoom in the form of the inaugural Federal Policy Forum in early September. The two-day event featured **U.S. Ambassador to the United Nations Kelly Craft (pictured at right)**, Senate Majority Leader Mitch McConnell, Congressman Andy Barr, and Federal Communications Commission Chairman Ajit Pai, along with discussions on federal COVID-19 liability protections, additional relief programs, improving broadband connectivity, public health concerns and more. Whereas normally about 50-60 people participate in the D.C. Fly-In, over 100 people tuned in to the first-ever Federal Policy Forum on-line via Zoom.

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 other regions of the Commonwealth 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.

THE COLLECTIVE: Regional Summit

In December, Commerce Lexington Inc. was pleased to introduce a new regional event series called THE COLLECTIVE, which seeks to strengthen collaboration and advance the Bluegrass Region's economy. It will provide an opportunity for regional business leaders in the nine-county economic development region to explore shared priorities and collaborate on possible solutions to common challenges. The first event in this series was THE COLLECTIVE: Regional Summit, which sought to build on Commerce Lexington's current regional collaboratives, including its three key efforts: leadership development (Leadership Central Kentucky), economic development (Bluegrass Alliance) and public policy (Central Kentucky Policy Group). Over three days, business and community leaders from throughout the nine-county economic development region convened for nine sessions aimed at highlighting challenges and opportunities to advancing the Bluegrass Region's economy.



COVID-19 RELIEF PRIORITIES



The COVID-19 pandemic resulted in unprecedented economic disruption in Central Kentucky. Although businesses continue to adapt and innovate, the unpredictability of the virus has created great uncertainty about the future economy. Now more than ever, it is critical for the business community to stay connected and keep elected leaders informed about recovery needs and advocate for policies at the local, state and federal levels of government that help support businesses and economic growth. Commerce Lexington Inc.'s 2021 Legislative Statements address needs associated with COVID-19 relief and other policy positions related to workforce development, business competitiveness, infrastructure, health care, energy and environment, and tax and regulatory policies.

State Priorities for Business Recovery

Liability Protections:

Support federal and state COVID-19 legal liability protections for businesses, schools and local governments.

Business Recovery Programs:

Continued support for small business relief programs that help all sectors across local economies and allow greater flexibility in how relief funding can be utilized by businesses to meet the unique recovery needs.

Paycheck Protection Program Loan Eligibility:

Support for extending PPP through the remainder of the year and allowing additional support for small businesses and 501(c)(3) nonprofits that have been hit hardest by the pandemic. Support for expanding eligibility for PPP loans to all chambers of commerce 501(c)(6), destination marketing organizations (DMO), including any 501(c) nonprofit, quasigovernmental organization and provide federal grants to DMOs.

Unemployment Insurance:

Support tying the federal weekly enhanced benefit to weekly earnings to encourage return to work, and federal aid or loan forgiveness for state UI Trust Funds to avoid significant increases in taxes on businesses.

Broadband Access:

Support critical investments in broadband deployment to ensure all businesses and homes have access to high-speed internet for remote learning and workforce needs.

Airlines & Airports:

Support aid to Blue Grass Airport and airlines to ensure this critical infrastructure is sustained to help economic recovery. If the airline industry contracts due to the COVID-19 crisis, it will be difficult for Central Kentucky's tourism industry businesses and the state's aerospace industry to return to profitability and maintain or grow jobs.

Public Health Investments:

Support investments in efforts to protect public health, promote research and development, and strengthen health care systems, protocols and infrastructure to be better prepared for future pandemics.

Local Governments:

Support providing funding or additional flexibility to states and local governments in how CARES funding is utilized to offset negative impacts from COVID-19.

Fayette County Public Schools

Commerce Lexington Inc. is committed to partnering with Fayette County Public Schools in efforts aimed at supporting the District's 2017-2021 Expect Excellence Strategic Plan, Portrait of a Graduate, the Comprehensive 10-Point Safety Investment Plan and Academies of Lexington. This includes support for ensuring equitable access, opportunity, and participation for all students, continuing the phased implementation of the school safety plan, and providing learning experiences – both in the classroom and within the community – that will help every child graduate academically prepared, college and career ready, civically engaged, culturally responsive and equipped for the future. We applaud the transparency, transformation, 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 convening and Annual Report publication, as well as the alignment of district priorities to annual budget planning.

The COVID-19 pandemic has exacerbated many pre-existing gaps for students due to the inability for in-person instruction and the lack of technological connectivity for some students in the home. While Commerce Lexington Inc. recognizes the need to follow public health guidelines, we encourage FCPS to develop a plan for a return to in-person instruction, when appropriate, to help support the needs of all students, close achievement gaps and improve accountability.

Digital Divide:

Commerce Lexington Inc. also recognizes the need to address the digital divide that many families in Lexington face when it comes to internet access. Not every family has the financial ability to meet the technology needs of students for remote/distance learning in the home. During the pandemic, some students have lacked access to the internet, hindering their ability to learn. Families have had to resort to augmented technology service providers in sparse public places such as restaurants, libraries, and public offices building made available through community partners for providing Wi-Fi service connection. Commerce Lexington supports efforts to close the digital divide and reduce barriers to access, particularly in homes with students who qualify for federal free and/or reduced priced meal programs.

Diverse Leadership:

Commerce Lexington supports efforts to ensure equity, diversity, and inclusion among district leadership and the elected board member seats.

Quality Investments:

Commerce Lexington Inc. supports increasing investments in K-12 education in the 2021 state budget, including but not limited to funding for public safety and career-based learning opportunities. We recognize numerous studies have determined that Kentucky's education funding is inadequate and support full funding of public education to the levels required by the Kentucky Education Reform Act. Commerce Lexington is opposed to any cuts to the base SEEK funding and flexible focus funds (i.e. Extended School Services, Preschool, Professional Development, Textbooks and Safe Schools).

Early Childhood:

Commerce Lexington Inc. fully supports increased investments in early childhood education including universal preschool and the need to build an integrated system of early childhood education that addresses the needs of all children, adults and families. Commerce Lexington is committed to working with the Fayette County Board of Education and other community partners on efforts to increase access of high-need preschoolers to high-quality teaching and learning experiences directly within neighborhoods and communities where they live with high asset needs and concentrated poverty.

School Calendar:

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.

School Safety & Resiliency:

Commerce Lexington recognizes the critical importance of ensuring the safety of our children at school, at home, and in the community. We applaud the General Assembly's adoption of SB1 during the 2019 session and call for the full funding of the requirements of the act.

Rigorous & Relevant Standards:

Commerce Lexington Inc. supports standards that are designed to be rigorous and relevant to the real world, reflecting the experiences, assets, knowledge, and skills that our young people need for success in life, college and career. In order for Central Kentucky to be positioned to provide the workforce needed to compete for business recruitment and retention, our education standards must ensure the acquisition of rigorous academic content while also fostering critical thinking, communication, collaboration, creativity and other essential 21st Century skills needed to thrive in this complex, rapidly changing world.





Workforce Investment:

The Federal Workforce Investment Program is a critical component to providing a highly skilled and educated workforce for businesses in the region. Implementation of the Workforce Innovation and Opportunity Act (WIOA) has been a positive step forward. Kentucky's workforce training system is notably complex with multiple layers and differing agency responsibilities. Programs receive state and federal funding in the hundreds of millions of dollars, and programs range from job-specific skill development to support for job seekers. Commerce Lexington supports continued investments and policy reforms that align and improve existing workforce programs at the state level, and to support local and regional sector partnerships with employers to meet the workforce needs of a 21st Century economy. Especially given the impact of the COVID-19 crisis on the local economy, Commerce Lexington urges the U.S. Congress, Governor and General Assembly to provide for workforce development efforts aimed at immediately engaging dislocated workers with skills training and job placement opportunities in high demand sectors, and overhauling incumbent worker programs to help businesses train workers, avert layoffs and encourage upskilling. We continue to support the Work Ready Community, Sector Strategies, High Impact Workforce Investment Boards and Unified Business Services work at the state and local level. Federal and state leadership is vital in policy guidance to states and local communities.

Commerce Lexington Inc. also supports investments in education and workforce development programs to help those negatively impacted by the pandemic get the training and skills necessary to excel in the evolving COVID-19 economy.

Kentucky Educational Television (KET):

Commerce Lexington Inc. fully supports the lifelong educational programming and services KET delivers to schools and the public. KET provides access, equity, and quality educational resources focused on student achievement, teacher preparedness and workforce development.

Lexington Public Library:

Commerce Lexington Inc. fully supports LPL's work to provide quality educational resources and programs, access to technology, support for early and school-aged education, jobseeker services, and lifelong learning. All library services are available to anyone who lives or works in Fayette County.

Career Readiness:

Commerce Lexington Inc. supports efforts to improve Central Kentucky's ability to be a hub for talent acquisition and recruitment in support of satisfying workforce supply chain needs. Workplace apprenticeships and internships, other career-based learning experiences, have proven to be effective channels in developing career readiness. Commerce Lexington supports additional emphasis and an urgency to increase funding for apprenticeships or other work-based learning to prepare today's students for tomorrow's careers. Commerce Lexington supports the General Assembly, Governor's Office, Education and Workforce Development Cabinet, state and local Chambers of Commerce, post-secondary institutions, pre-K through 12 school districts, and business partners working in collaboration through regionally based approaches to build workforce pipelines that span the Commonwealth and meet employer needs.

Family & Community Engagement:

Family and community engagement through shared accountability and advocacy is 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, poverty, and community-based trauma, all of which can be barriers to academic achievement. Recognizing that every child deserves a champion, Commerce Lexington supports innovative approaches to support the engagement of families, business leaders, and other caring adults as partners through a community based collective impact model. Commerce Lexington is committed to supporting other efforts that help transform schools from the outside in by strengthening families, neighborhoods and communities.

STEAM Critical to Compete:

Commerce Lexington Inc. supports legislative and local district efforts to increase graduates in the Science, Technology, Engineering, Arts and Mathematics (STEAM) disciplines to meet the ever-growing needs of employers.

Financial Literacy:

Commerce Lexington Inc. supports the inclusion of "Financial Literacy" education in school classrooms. This training can be achieved through traditional curriculum development or through private-public partnerships, such as Junior Achievement of the Bluegrass with the Fayette County Public Schools.

University of Kentucky (UK)

The University of Kentucky's principles of ensuring student success and protecting the health and well-being of its students, staff and faculty anchor the decisions in response to the COVID-19 pandemic. UK is proud of the exceptional response by members of its campus, many of whom are working tirelessly at the frontlines of the COVID-19 crisis. UK is committed to responding with a collective commitment to reinvent itself, fortified by the university's vital missions of education, research, service and care. As UK HealthCare, UK Research, UK Athletics and other areas return to safe and reinvented normal operations, challenges remain. UK is contending with more than a \$70 million shortfall in Undesignated General Funds, which represents the gap between revenues it previously anticipated and the expenditures required to advance missions. Commerce Lexington supports UK in its efforts to secure higher education funding and the supplemental research relief funding for the National Institutes of Health (NIH) contained in the Health, Economic Assistance, Liability Protection and Schools (HEALS) Act and encourage Congress to work together to pass this critical legislation as universities rise to meet new challenges posed by the COVID-19 pandemic.

Commerce Lexington Inc. 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 Inc. 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 \$2.4 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 31,200. These students are succeeding at higher levels, translating to record degree attainment, including nearly 7,500 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 2020, UK conducted nearly \$430 million in research - signifying that UK is a major player among research institutions in the country, and UK is ranked among the top 10 percent of public institutions for research expenditures. In addition, UK owns 618 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 five 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. Its Markey Cancer Center is ranked 29th, its highest national ranking ever. Annual patient discharges exceed more than 40,000 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 \$4.8 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.
- Two years ago, UK 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.
- Forbes has named UK among the best employers for diversity and INSIGHT into Diversity recognized UK as a Diversity Champion four years running.



INFRASTRUCTURE

Commerce Lexington Inc. supports substantial and sustained investment in Kentucky's economic development infrastructure including highways, bridges, waterways, public transit, railways, aviation, broadband and utilities.

Roads & Bridges:

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 Inc. 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. At the federal level, Commerce Lexington supports reauthorization bills that continue long-term funding solutions for all transportation systems. We urge support of critical regional infrastructure to improve connectivity such as the U.S. Department of Transportation's BUILD grants for local communities. We also urge Administration officials and Congress to support policies that ensure timelines are maintained for the completion of environmental impact studies. We also support funding for necessitated utility infrastructure costs required by public improvement projects. Without funding, local utility customers disproportionately bear costs associated with public improvement projects. At the state level, we support modernizing the transportation funding distribution model to make it more equitable for areas with higher levels of transportation activity and needs. Commerce Lexington further supports modernizing the method for funding infrastructure to better reflect the current state of transportation as well as anticipate future needs on our transportation systems.

Airports:

Commerce Lexington Inc. supports federal and state funding to ensure on-going and stable funding for Blue Grass Airport and the three general aviation airports vital to the regional economy. At the federal level, Commerce Lexington supports passage of the annual Appropriations bills and/or COVID-19 relief bills. Airport Improvement Program (AIP) funding bills are desperately needed to continue development of the aviation infrastructure needed to support the growth of the region and should be modified during the COVID-19 pandemic to allow greater flexibility regarding how those grant funds can be used, as well as eliminating the local match requirement.

Transit:

Commerce Lexington Inc. supports state and federal transportation funding for transit agencies in both the rural and urban areas to support workforce and economic development initiatives and the ever-changing travel needs in our communities. Funding should support capital projects and operations, including new service delivery methods especially for low-income workers, seniors, and people with disabilities.

Railroad:

Commerce Lexington Inc. supports short line rehabilitation tax credits to incentivize railroads increase investments, rehabilitate their tracks and expand capacity, which ultimately allows short lines to safely and efficient serve customers. At the federal level, we support the BRACE Act (H.R. 510 and S. 203) and making the Short Line Rehabilitation Tax Credit (45G) permanent.





Broadband Access

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 wired and wireless networks across the Commonwealth, while also opposing policies that would impede or hamper investment in digital infrastructure and economic development.

A free and open internet has become a platform for innovation and economic activity unmatched in history. Commerce Lexington supports creating incentives for investment in broadband networks throughout the region as this infrastructure is critical to economic development. The COVID-19 crisis has made clear that vibrant economic ecosystems need sufficient broadband connectivity to allow Kentuckians to work and study from home. Kentucky's citizens rely on the internet to not only connect with the outside world but also to access vital news resources and stay up to date on developments in their communities. This trend will only accelerate in the future, and more support is needed for the deployment of robust broadband access in underserved areas where the costs of broadband deployment are particularly high. This requires consideration of creative solutions that will provide access for all. For example, a modernization of the FCC's Lifeline program might allow for the distribution of broadband benefit cards to eligible households so they can secure benefits from certified communications providers as easily as they use SNAP (Supplemental Nutrition Assistance Program) benefits.

Fund Broadband Access in Underserved Areas:

FCC and USDA programs like the Connect America Fund, the upcoming Rural Digital Opportunity Fund auction and the ReConnect Loan and Grant Program, have provided opportunities for rural broadband providers to seek additional support in the areas they serve (or seek to serve). However, the funding amounts pale in comparison to the task at hand in order to serve unserved areas. Various studies have estimated that it will cost approximately \$80-\$100 billion to connect every home and business in America with fiber. Moreover, existing government programs need to re-evaluate to determine whether they discourage (e.g., through regulatory requirements like the ETC designation) certain well-positioned broadband providers from participating in government funding programs. We urge Congress to increase investment in our future to get broadband into the hands of those who need it, particularly rural or underserved Kentuckians. There are many bills that would address these issues, on both sides of the aisle. One of those, the Broadband DATA Act, passed by Congress in March 2020, will create more accurate broadband maps and direct resources to communities most in need – especially in underserved areas.

Pass a Federal Net Neutrality Law:

Commerce Lexington supports thoughtful policies that reflect the needs of the modern marketplace and encourages connectivity, transparency, privacy and accessibility. The "ping-pong" net neutrality debate at the FCC and in the courts has created a policy void that only Congress can fill. The Policy Group believes that Congress should be able to strike an appropriate balance with a law that balances the needs of consumers to obtain the content of their choice online, while avoiding heavy handed regulation of the broadband providers that would discourage innovation and investment. The new proliferation of state-level net neutrality laws continues, and Congress must step up to avoid a patchwork policy approach that ultimately harms businesses and consumers.

Protect Privacy Across the Internet Ecosystem:

Consumers deserve to know that no matter where they go online, they will have the same protections. Varying policies from state to state lead to inconsistent safeguards that foster confusion and erode consumer confidence in their interactions online. Commerce Lexington urges Congress to pass a uniform law that provides privacy and data security protections and applies the same standard to all companies, whether internet service or edge providers, across the internet ecosystem.



INFRASTRUCTURE

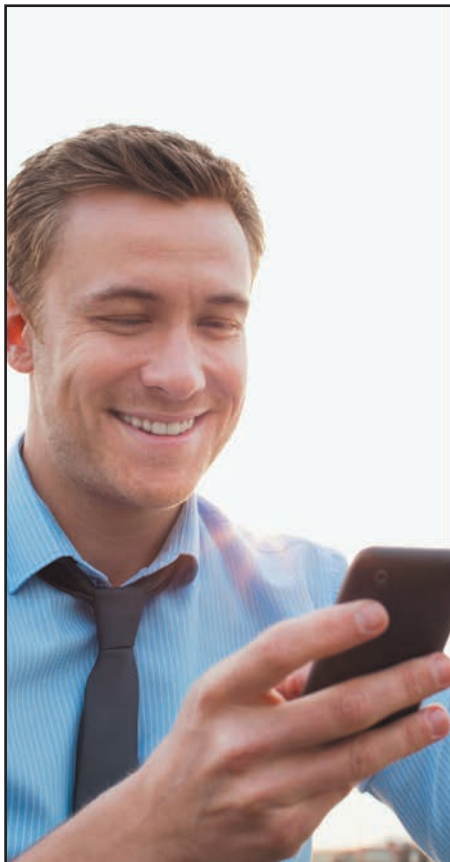
Energy & Utility Infrastructure:

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 currently without adequate utility services.



Central Kentucky Water Supply:

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.



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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SIGNATURE INDUSTRIES

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. Moreover, in light of the devastating impact the COVID-19 pandemic has caused the tourism industry, Commerce Lexington supports extending the Paycheck Protection Program (PPP) and allowing small businesses and 501(c)(3) nonprofits who have already received a PPP loan to apply for a second loan. This support also includes expanding eligibility for the PPP to all destination marketing organizations (DMO), including any 501(c) nonprofit, quasi-governmental organization and provide federal grants to DMOs to promote safe and healthy travel practices. Commerce Lexington also supports additional efforts to assist restaurants and hoteliers, including enacting H.R. 7809, the HOPE Act, cosponsored by Congressman Barr and providing borrowers of commercial mortgages, who have been hit the hardest economically by COVID-19, financial assistance through the HOPE Preferred Equity lending facility. Commerce Lexington also urges Governor Beshear and the General Assembly to provide direct and meaningful financial assistance to the tourism industry.

Equine:

Thousands of acres of horse farms, world class venues, such as Keeneland and the Kentucky Horse Park, and many horse-related national headquarters, including the United States Equestrian Federation, earn Kentucky the title of Horse Capital of the World. The American Horse Council's 2017 Economic Impact Study of the Horse Industry calculated that the industry had a \$3.9 billion economic impact on Kentucky and generated 56,603 jobs. Because of the substantial economic impact that the equine industry has on our region, Commerce Lexington supports initiatives to protect and enhance the future growth of the equine industry.

At the state level, these efforts include ensuring continued 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. 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 in tax reform.

Federally, this advocacy includes support for the Market Access Program that enables U.S. agricultural trade associations, cooperatives, state regional trade groups and small businesses to share the costs of overseas marketing and promotional activities that help build commercial export markets for U.S. agricultural products and commodities; trade policies that open markets for the safe import and direct export of horses; and immigration reform

to meet workforce needs in agriculture industries. Commerce Lexington also supports national uniformity in laboratory standards, testing requirements and penalties for Thoroughbred racing, accomplished via federal legislation or alternative means.

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.

Industrial Hemp:

Thanks in large part to state leaders and members of Kentucky's Congressional delegation, hemp is now permanently a legal agricultural commodity, no longer considered a controlled substance. After more than a century of prohibition, Kentucky is poised to reemerge as the global leader in hemp production. However, roadblocks remain to the full realization of hemp's potential for farmers and businesses. Commerce Lexington supports efforts that clarify the legality of financial transactions in hemp commerce, and that promote fair and expeditious regulations of hemp products like cannabidiol (CBD) by the U.S. Food and Drug Administration. We also support the Mayor's efforts to promote ag-tech businesses and the growing hemp industry in Lexington.

Malt Beverage & Craft Brewing:

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.



TAXES AND REGULATION



Bourbon:

Kentucky Bourbon is one of the Commonwealth's most treasured signature industries, a booming \$8.6 billion economic engine that generates more than 20,100 jobs with an annual payroll topping \$1 billion. Kentucky distilleries produce 95-percent of the world's supply. Prior to the COVID-19 pandemic and retaliatory tariffs on American whiskey, Kentucky distilleries were in the middle of a \$2.3 billion capital expansion phase to meet the growing global thirst for our signature spirit. Despite this success, distilled spirits remain the highest taxed industry in the state, and Kentucky is the only place in the world that taxes aging barrels of spirits. Kentucky still produces about 95% of the world's Bourbon, but that historic dominance is now in jeopardy with more than 3,500 distilling operations in all 50 states – most of which have significantly lower tax burdens than Kentucky. Like many other industries, the drastic effects of the ongoing pandemic have yet to be fully realized by our homegrown Bourbon industry. We do know, however, that as a uniquely American product, Bourbon and distilled spirits are currently feeling the negative effects of the ongoing trade wars, with exports down to major markets like the EU. This extended trade war is also harming Kentucky's farm families, cooperages, glass and other suppliers, hospitality and tourism partners, and ultimately, consumers through higher prices and limited availability.

Commerce Lexington strongly supports making the state's Barrel Tax Credit fully refundable. Commerce Lexington also supports parity for our distilleries with other alcohol producers. For Kentucky to maintain its dominance in the distilling industry and attract new distilleries, the General Assembly must continue to update statutes 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.

Commerce Lexington supports ensuring that the Federal Excise Tax (FET) reform, which was a part of Tax Cuts and Jobs Act of 2017 (TCJA), and extended in 2019, be made permanent. The FET has been monumental in helping bourbon businesses expand and grow. Now, with the blow issued by COVID-19, the FET reform extension is more crucial than ever and will certainly have the reverse effect if allowed to expire this year. Commerce Lexington supports policies that will alleviate unfair tax and trade issues and increase the competitiveness of the Bourbon industry in the U.S. and the global marketplace.

Commerce Lexington Inc. 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 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 increased 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 Inc. 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.

Revise the Limited Liability Entity Tax:

Commerce Lexington Inc. 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 passthrough 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.



TAXES AND REGULATION

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 efforts to review local, state and federal regulations and when appropriate, modify, eliminate or streamline regulations to make Central Kentucky more business friendly. Commerce Lexington also strongly urges state and federal officials to support commonsense regulatory reform that restores accountability, transparency and public participation in the rule or regulation 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 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.

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.



HEALTH CARE

Liability & Workforce:

Commerce Lexington supports liability reforms to protect Kentucky's health-care sector and resources to support workers on the frontlines of battling the COVID-19 pandemic, including the provisions in the Healthcare Workforce Resilience Act (S. 3599) to make changes to worker visa programs to help ensure hospitals have proper staffing to address the health crisis and beyond. To be better prepared for future pandemics, we support investments in public health that promote research and development, provide planning protocols for local communities, ensure adequate supplies of PPE, and strengthen the overall health care infrastructure.

Health Insurance | 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. 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 Substance Abuse

Commerce Lexington Inc. acknowledges the need to address Kentucky's substance abuse problem and will continue to support public policy efforts to curb this epidemic through a comprehensive approach aimed at prevention, treatment and criminal justice reforms. Substance abuse issues are having a negative impact on our workforce, 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 between \$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 the efforts of the University of Kentucky and other government agencies for their efforts to reduce substance abuse and increase treatment options. In the largest grant ever awarded to the University of Kentucky, researchers from UK's Center on Drug and Alcohol Research (CDAR) in partnership with the Kentucky Cabinet for Health and Family Services and the Justice and Public Safety Cabinet (JPSC) are leading the HEAL grant, a more than \$87 million study aimed at reducing opioid overdose deaths by 40 percent in 16 counties over a four-year period. Commerce Lexington Inc. will continue to partner with local, state and federal officials to address the illness of addiction. We urge officials to direct funding for these efforts 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.

Medicaid Sustainability

Kentucky expanded Medicaid eligibility by executive order to persons with annual incomes up to 138 percent of the federal poverty level (\$36,156 for a family of three) beginning in January 2014. This has added more than 450,000 people to the program. The federal government will pay 100 percent of the state's additional cost for the expansion through 2016. However, the state was required to begin paying 5 percent of the costs beginning in 2017, rising in steps each year to 10 percent in 2020. As a result, the state's General Fund cost for Medicaid benefits has increased 25.6 percent (more than \$400 million) in the past five years (FY 2016-20) as compared to only 16.5 percent for the previous five-year period. Currently, there are more than 1.5 million Kentuckians enrolled in Medicaid—more than 35% of Kentucky's total population. Commerce Lexington supports efforts to create a sustainable Medicaid program in order to protect critical state investments in education and other vital programs.

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 Inc. 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 on all tobacco and tobacco related products to be more in-line with the national average. CLX supports tax parity on e-cigarettes equal to the tobacco tax rate on traditional cigarettes. Initiatives should be implemented to reduce smoking by Kentucky residents.

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 and educate and encourage healthy lifestyles among their employees. Health and wellness programs may 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.

Reasonable Liability Reform

Commerce Lexington Inc. 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 further reforms such as 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. Kentucky needs this constitutional change in order to modernize our legal liability system and allow for reforms, such as medical review panels.

Protect Kentucky's Low Cost & Reliable Energy

Commerce Lexington Inc. urges local, state and federal officials to support efforts to maintain affordable low-cost, 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, natural gas and two regional transmission organizations as resources for electricity generation. This competitive advantage has allowed Kentucky to attract thousands of manufacturing jobs and energy intensive industries like automotive, steel and aluminum, automotive, aviation and aerospace that employ tens of thousands of Kentuckians.

Central Kentucky businesses and economic developers remain concerned about the proposed regulations on carbon emissions, electricity generating facilities, and new regulations on Kentucky's mining industry.

Commerce Lexington Inc. supports the U.S. EPA's Affordable Clean Energy (ACE) Rule, which will help Kentucky protect its low energy rates, and the revised definition of Waters of the United States (WOTUS), which provides much needed clarity to businesses. We also urge state and federal officials to monitor, clarify definitions and ensure compliance flexibility including Coal Combustion Residuals (CCR), New Source Review (NSR), Clean Water Act Effluent Limitation Guidelines (ELG), and natural gas pipeline safety.

- **Coal:** Supports coal remaining an integral part of our nation's energy portfolio, and ensuring a level playing field for all low-cost fuel sources to provide low cost electricity. Coal provides more than 70 percent of Kentucky's electricity helping to make our electricity some of the most economical, reliable, and resilient in the U.S.

- **Mineral Recovery:** Encourage the recovery of rare earth, critical minerals and advanced carbon fiber from the state's coal reserves to protect national security.
- **Natural Gas:** Encourages the investment in production and use of other reliable energy fuels like natural gas and renewable natural gas (RNG). Supports flexibility in compliance and safety regulations. Kentucky's oil and gas industry has a total value production of more than \$1 billion and employs 9,000+ Kentuckians. Commerce Lexington supports financial and infrastructure incentives to help stimulate adoption of natural gas and RNG transportation fuels to ensure that both are 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.
- **Fair Regulations:** Support review, elimination, or updates to outdated or duplicative regulations to ensure a level playing field for all low-cost fuel sources.
- **Research & Technology Investments:** Supports research, development and utilization of new technologies for a cleaner energy strategy for continued reductions in carbon emissions and greenhouse gases while limiting unreasonable adverse impacts on coal and gas industries.
- **Energy Efficiency Measures:** Support investments in energy efficiency measures, alternative fuels and renewable energy to spur economic growth and energy innovation including grant opportunities for the University of Kentucky's Center for Applied Energy Research.

Promote a Sensible Regulatory Approach

Commerce Lexington Inc. strongly supports commonsense regulatory reform that restores accountability, transparency, the use of scientific data and public participation in the rule making process across all local, state and federal agencies. We oppose regulations at the local and state level that are more stringent than federal regulations, and those that result in significant adverse economic impact on citizens, farmers, cities and industries. 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. Commerce Lexington appreciates the U.S. EPA's efforts to provide states with more flexibility in managing their environmental programs and encourages continued efforts to identify more creative ways for states and the U.S. EPA to collaborate on regulatory and enforcement issues.

Storm Water/Sanitary Sewer & Consent Decree Implementation

Commerce Lexington Inc. 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 & Storm Water Permits and Fees

Commerce Lexington Inc. 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.



ENERGY & ENVIRONMENT

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 Inc. 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.

Air Quality Rules & Regulations

Commerce Lexington Inc. 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.

Brownfield Redevelopment

Commerce Lexington Inc. 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.



Water Quality Regulations

Commerce Lexington Inc. 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.



Producing safe, reliable energy for the companies that depend on us is only a part of our job at KU. We believe in investing in today's leaders and influencers to help empower our community to reach its fullest potential. Our energies go to serving you. lge-ku.com



ENERGY & ENVIRONMENT

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 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.

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.

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 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.

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.

Wage Mandates:

Commerce Lexington Inc. 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.

Immigration:

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

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.



Economic Development Incentives and Partnerships:

Established in 2007, Commerce Lexington Inc. continues to strengthen 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. 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.

Workers' Compensation:

Commerce Lexington Inc. 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.

Racial Injustice:

In economic success, it's often said that a rising tide lifts all boats within a community. However, for far too long across our country, that 'tide' has not been equal for all segments of our population. Longstanding racism, intolerance and injustice continue to pervade our society, causing harm to people of color – their families, businesses and communities. It is unacceptable, and Commerce Lexington Inc. stands with those seeking to be heard through peaceful protests and wholeheartedly supports collaborative efforts to create change across our community, the Commonwealth and the nation.

Criminal Justice 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, support efforts focused on reducing recidivism, making communities safer, increasing our workforce and saving taxpayer dollars.

Safer Workplaces:

Commerce Lexington Inc. 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.

Condemnation:

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

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.

Revision of Statute of Limitations Law:

Commerce Lexington Inc. 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.



BUSINESS CLIMATE

Land Use Planning:

Commerce Lexington Inc. 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 and the talent they need to attract and retain. We must plan for continued growth and development, and 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.
- Commerce Lexington will continue to advocate for land for job creation to include the following components such as but not limited to: shovel-ready, properly zoned, infrastructure and transportation access, large block tracts, and competitive pricing.

High-Tech Ecosystem:

Commerce Lexington Inc. 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 startup 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.

Unemployment Insurance:

Commerce Lexington Inc. 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. The current economic crisis brought on by the COVID-19 pandemic has left the unemployment insurance trust fund fully depleted and the Commonwealth reliant on federal loans. Employers participating in the unemployment insurance program face significant tax increases to pay off the loan and recover the trust fund balances to pre-pandemic levels. Commerce Lexington supports the use of federal CARES Act funds to mitigate the tax increases on employers brought about by depletion of the fund and the loans. Commerce Lexington also supports the U.S. Congress and the General Assembly enacting policy to remedy this situation to avoid significant tax increases on employers.

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 Inc. 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.

Employer & Labor Union:

Maintaining the balance between labor unions and employers is critical to continued job creation. Commerce Lexington Inc. 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.

- 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 email and social media to misrepresent picketed areas, an Unfair Labor Practice.