

2020 **STATE LEGISLATIVE AGENDA**

greaterlouisville.com/advocacy

aGLIAdvocacy

GLI Advocacy is the voice of the greater Louisville business community in the halls of government in Frankfort and Indianapolis, aggressively pursuing pro-growth initiatives, opposing measures harmful to our region, and working to turn the ideas of our business and civic leaders into reality.

As an investor-driven chamber of commerce, our public policy committees—made up of regional business and civic leaders committed to growing greater Louisville's economy—take the lead in developing GLI's state legislative priorities. GLI's public policy committee structure consists of the Public Policy Council and six Issue Advisory Committees as well as several task forces and subcommittees. Their members are responsible for rigorously studying, vetting, and debating major public policy questions and proposals and recommending to GLI's Board of Directors the organization's top priorities for the coming year. GLI's Board of Directors gives final approval to the state legislative agenda every Fall.



GLI's Issue Advisory Committees

BUSINESS COMPETITIVENESS

Economic Development

Growing great businesses here in the Commonwealth requires a complementary mixture of business-friendly tax structure, targeted support from government organizations, and an increase in access to capital. To augment Kentucky's pro-business environment, the legislature should strategically fund economic development and business attraction efforts.

Support Small Businesses & Startups

Kentucky must actively cultivate and support small business owners and startups by maintaining and fully funding vital resources like Small Business Development Centers. In addition, Kentucky must incentivize capital investment and improve access to capital for its business startups by funding Small Business Innovation Research (SBIR) and Small Business Technology Transfer (SBTT) match programs. These companies would likewise benefit from incentives and regulatory reforms that facilitate governments and corporations doing business with Kentucky-based small businesses and entrepreneurs.

Definitions & Guidelines for Independent Contractors

Independent contractors in the construction industry and other sectors are a growing and important part of the workforce. While many states provide clear statutory definitions and guidelines for classifying workers as independent contractors, Kentucky has lagged behind, creating a burden on businesses and exposing them to fines and potential litigation. Kentucky should seek to clarify definitions for independent contractors, provide employers with clearer classification guidelines, and provide a fair mechanism for settling disputes. This would provide Kentucky with an advantage over surrounding states and protect businesses in the Commonwealth that utilize this competitive pool of talent.

Improve Kentucky Labor & Employment Laws

To streamline compliance for businesses and reduce unwarranted lawsuits, GLI supports increased alignment of Kentucky labor and employment laws with federal standards. This should include, for example, incorporation of federal overtime exemptions, adoption of federal periods of limitations for wage and hour and equal employment opportunity claims, caps on damages for alleged emotional harms, assigning liability in accordance with federal law in retaliation claims, and following federal thresholds for applying Kentucky labor and employment laws to small businesses.

Unemployment Insurance Reform

Kentucky's outdated unemployment insurance system discourages workforce participation and creates a drag on Kentucky's overall competitiveness. While 2018 saw modest improvements to update some aspects of unemployment insurance in Kentucky, much more work remains to be done to improve our system, bring us closer in line with our neighboring states, and lower costs for employers. Reforms should focus on getting unemployed Kentuckians back to work as quickly as possible and reducing rates paid by businesses. Changes should be made to the structure for calculating the maximum weekly benefit and determining the length of benefit durations. In addition, the General Assembly should clarify laws around successorship and establish job coaching and training requirements for benefit claimants.

Kentucky's Unemployment Insurance Tax System



Source: Tax Foundation

Drug-Free Workplaces

As the General Assembly explores proposals to legalize medical marijuana, it is imperative that lawmakers also establish workplace and employer protections. Any legislation legalizing medical marijuana in Kentucky must also protect the ability of employers to continue operating zero tolerance, drug-free workplaces as they see fit and guarantee liability protections for employers from alleged workplace safety violations related to an employee's use of medical marijuana. Workers terminated for violating an employer's drug-free workplace standards should not be eligible to receive unemployment benefits. Workers injured on the job as a result of being under the influence of marijuana should not be eligible for workers' compensation benefits, regardless of whether a physician recommended marijuana.



City & County Government Tax Reform

In light of Kentucky's pension crisis and other social and economic pressures, city and county governments in the Commonwealth need increased flexibility to generate revenues. This is important not only for providing key services and meeting obligations but for economic development and future growth as well. The structure of city and county government tax systems and the mechanisms through which cities and counties generate revenues matter immensely to the business competitiveness of Kentucky and greater Louisville.

GLI advocates for changes to state law that will give city and county governments in Kentucky increased flexibility in generating revenues and allow them to develop forward-thinking, business friendly tax systems to compete and thrive in the 21st century. City and county governments should be given the freedom to make their tax systems more attractive to businesses and be granted the autonomy to transition away from occupational licensing fees toward other revenue generators. The reforms outlined below are intended to improve city and county government tax systems and should be implemented without impacting revenues for local school districts or mass transit authorities.

 The General Assembly should allow city and county governments to generate new local revenues through broad-based sales taxes and grant them the ability to exceed 4 percent growth in annual real property tax revenues without the threat of a recall.

 Access to new local revenues from sales taxes or increasing the recall cap on real property taxes must be paired with reductions to or the elimination of other taxes imposed by city and county governments, such as occupational licensing taxes on business net profits and insurance premium taxes. Lawmakers should take steps to make current city and county government taxes more business friendly and improve compliance, especially when it comes to occupational licensing taxes. This should include measures such as standardizing the allowance of a net operating loss provision across city and county governments, aligning local methods for calculating taxable net profits with state rules, supporting local governments in acquiring software for e-filing, and making local voluntary disclosure processes uniform across the state.

City & County Government Tax Reform

GLI advocates for changes to state law that will give city and county governments in Kentucky increased flexibility in generating revenues and allow them to develop forward-thinking, business friendly tax systems to compete and thrive in the 21st century.

Build a Competitive State Tax Code

A competitive state tax code is vital to attracting new businesses, encouraging entrepreneurship, and growing our workforce. After years of watching our neighboring states enact reforms, the 2018 and 2019 sessions saw lawmakers in Frankfort make meaningful improvements to the Commonwealth's tax code. Thanks to these reforms, Kentucky's business tax climate competitiveness has moved up in national rankings.

Building a truly competitive tax code, however, takes time and focus. While the reforms of 2018 and 2019 represent an important leap forward, much work remains to be done.

The goal of tax reform in Kentucky must be to make Kentucky's tax code as pro-growth as possible and more attractive to businesses, entrepreneurs, and talented workers than the systems of our neighboring states. At the same time, reforms must also ensure that state and local governments are able to meet their obligations and invest in priority areas such as education, workforce development, and infrastructure.

GLI supports reform measures that would transition Kentucky from a production-based tax system to one based on consumption, while also improving compliance and lowering costs for businesses. This should include:

 Broadening the state sales tax base or increasing sales tax rates in exchange for eliminating or reducing Kentucky's individual and corporate income tax

- Repealing the Limited Liability Entity Tax (LLET)
- Ensuring that business-to-business transactions remain exempt from sales and use taxes, including sales of services for resale

 Streamlining sales tax exemption rules for contractors when completing projects for tax-exempt entities such as charitable, educational, and religious organizations as well as governmental entities such as school districts

• Fully exempting manufacturing machinery parts from the state sales tax

 Increasing the cigarette tax and taxing electronic cigarettes and smokeless tobacco the same as cigarettes

- Authorizing and taxing casino gaming and sports betting
- Simplifying the application process for tax credits and more rigorously investigating fraudulent claims
- Updating the reference to the Internal Revenue Code on an annual basis

 Encouraging the Department of Revenue to expand its electronic filing and payment capabilities and increase the publication of its policies and interpretations of Kentucky tax law

 Sunsetting exemptions and tax credits determined to be unnecessary or proven by data to be ineffective



State Business Tax Climate Rankings



Source: Tax Foundation

Pension Reform

Kentucky's multi-billion-dollar unfunded pension liability continues to cast a shadow over the unprecedented economic growth the Commonwealth has seen in the past few years. While GLI applauds the legislature for fully funding pensions in the 2018-2020 budget and has been supportive of reform efforts in previous sessions, the problem is not going away. The liabilities are still there; our systems remain highly vulnerable to economic downturns; already-tight local government budgets will only become tighter; and Kentucky's credit rating continues to be at risk of further downgrades.

Members of the General Assembly must work together to find long-term, sustainable solutions to Kentucky's pension crisis, fully commit themselves to funding pensions in future budgetary cycles, and find ways to lessen the burden of skyrocketing pension payments on local governments.

Culture & Arts Funding

The greater Louisville community has an arts and cultural scene that competes with the top cities in the world. The legislature should prioritize investment in the Kentucky Arts Council and other cultural institutions because they play such a critical role in regional identity and drive economic development throughout the Commonwealth by attracting and retaining top talent, promoting the vitality of the region, leveraging tourist dollars, and helping sustain a positive quality of life for our citizens.

Expand Gaming & Authorize Sports Betting

For decades now, Kentucky has sent thousands of jobs and millions of dollars in tax revenues to our competitor states by failing to expand gaming opportunities in the Commonwealth. More recently, Kentucky has failed to take advantage of a U.S. Supreme Court ruling allowing states to authorize sports betting.

Expanded gaming and sports betting will create new jobs and attract more tourists, while new tax revenues could be used to increase funding for education, build infrastructure that promotes economic growth, and help stabilize Kentucky's public pension system. GLI strongly supports amending the state constitution to authorize casino gaming and passing legislation to regulate and allow for sports betting in Kentucky.



Source: ESPN/Business Insider

A Thriving Tourism Economy

Tourism in regions like greater Louisville—driven by bourbon, museums, festivals, the culinary scene, conventions and conferences, horse racing, athletic events, and the arts—is a multibillion-dollar industry, responsible for creating thousands of jobs and generating millions in state and local revenues every year. GLI will actively oppose any legislation that could bring harm to this industry or discourage individuals, groups, or organizations from visiting our region. The General Assembly should work to encourage tourism with measures such as improving infrastructure throughout the state, enhancing Kentucky's TIF laws, or expanding gaming.

Investment in Depressed Properties & Historic Areas

The Kentucky legislature must incentivize investment in depressed and underutilized properties to rejuvenate neighborhoods and local economies in some of Kentucky's most historic areas. This should include matching state limits to mirror federal support for the Kentucky Historic Preservation Tax Credit program, streamlining the process for transferring vacant and abandoned properties into productive uses, and restructuring statutory language on TIF financing to make it friendlier to developers by lowering the minimum investment threshold required to qualify for financing, raising the cap on multi-use projects, or allowing developers to access more TIF financing upfront. Vibrant neighborhoods where all properties are utilized are critical to these revitalization efforts.

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Kentucky Bourbon

With the growing popularity of the Urban Bourbon Trail® and the expansion of the Kentucky Bourbon Trail® experiences into downtown Louisville, visitors across the nation and the world are flocking to the Derby city for these experiences. The General Assembly \$8.6 Fillio should work to protect Kentucky's signature industry and help position it to continue driving economic Economic growth throughout the greater Louisville region. GLI Impact supports making the state's Barrel Tax Credit fully refundable to encourage business investment and . advocates for parity for all alcohol producers \$1 Billion operating in Kentucky when it comes to selling, shipping, and marketing their products.

Kentucky's bourbon industry is supported by small business retailers that provide specialized product knowledge and ample selection of craft wines and spirits to consumers. Allowing the sale of wine in grocery stores would threaten this structure and negatively impact our signature industry by giving an unfair competitive avantage to wine over spirits when it comes to the convenience of purchasing. g, \$1 Billion Payroll \$94,889 \$825 Million Total Taxes \$94,889 Average Salary \$2.3 Billion Capital Projects

Source: kybourbon.com

Support Kentucky Horse Racing

Horse racing is a crucial driver of economic activity in Kentucky, and the greater Louisville region is fortunate to be at the epicenter of this vital and thriving industry. The General Assembly must work diligently to protect and support Kentucky horse racing, as it continues to grow and expand as a world-famous industry. Historical horse racing machines will play an important role in the future of horse racing in the Commonwealth. To that end, GLI advocates for maintaining current tax treatment of historical horse racing machines to support the growth of the industry as a whole.

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EDUCATION & WORKFORCE DEVELOPMENT

Early Childhood Education & High-Quality Childcare

To produce a workforce that will excel in the 21st century, education must start before Kindergarten. The legislature should take meaningful steps to expand access to high-quality, full-day Pre-K education using a mixed-delivery model that includes funding for professional childcare centers and schools. This would increase options available to Kentucky families, improve learning outcomes for children, and lead to a stronger homegrown regional workforce. Lawmakers must also fully fund key childhood education programs such as need-based Pre-K and the Child Care Assistance Program.

K-12 Education

GLI appreciates the increase in the SEEK per pupil amount in the 2018-2020 budget and encourages the General Assembly to continue dedicating more state funds to K-12 education in the 2020-2022 budget. Lawmakers must also strive to provide the funding necessary for all school districts to afford full-day Kindergarten.

Higher Education

With the goals of ensuring high-quality lifelong learning opportunities for its residents, increasing degree and certificate attainment leading to meaningful work opportunities, and meeting the growing demand for tech talent in the greater Louisville region, it is imperative that Kentucky increase its investment in postsecondary education to 2007-2008 per student levels or greater to help keep student costs down. Universities, colleges, and other institutional alternatives, including technical school and competency-based programs, must all be supported to meet the diverse needs of the region and deliver affordable, effective, and impactful higher education outcomes. To increase student access and success, the state should provide consistent support for dual credit and early college programs.

A More Dynamic Compensation System for Our Educators

The General Assembly should pass legislation empowering local school districts to create more dynamic and modern compensation systems for education professionals. Senate Bill 152 from 2018 took an important step forward in modernizing teacher compensation in Kentucky by clearly authorizing districts to pay teachers working in priority schools above the single-salary schedule. Statute should also grant clear permission to districts to tie pay, salary increases, and bonuses to factors such as teacher performance and subject matter in addition to more traditional factors such as experience and academic credentials, which currently form the foundation for determining teacher compensation in the Commonwealth.

Along with a competitive and dynamic compensation structure, the state must assist local districts in providing educators with ample professional development opportunities that increase their effectiveness in the classroom and lead to better student outcomes.

School Choice

Increasing the choices parents and guardians have when selecting educational pathways for their student makes regions like greater Louisville more attractive to families and businesses and leads to improved learning outcomes and a more competitive homegrown workforce. This is why GLI was a strong supporter of public charter school legislation in the 2017 legislative session. GLI encourages lawmakers to clarify funding for charter schools to remove uncertainty and encourage authorization of these institutions in Kentucky.

To further increase the educational options available to parents and guardians, GLI supports establishing a tax credit to incentivize individuals and businesses to contribute to scholarship-granting organizations that focus on low-income families for whom private school opportunities may be out of reach. A tax credit like this would dramatically help to level the playing field for all Kentucky families.

GLI also advocates for school assignment plans that support student diversity, equity, and choice and opposes legislative proposals that limit parental choice and fail to provide clear evidence of addressing the achievement gap.

STEAM: Science, Technology, Engineering, Arts & Math

GLI supports systems that reward schools that offer high quality courses and programs in the STEAM fields of science, technology, engineering, arts, and math. To allow all students to be agents of their own success, the system should encourage innovative approaches to curriculum development and teaching tools on the district level.

University Research & Libraries

To support universities in Louisville and across the Commonwealth, GLI supports funding for the Research Challenge Trust Fund (Bucks for Brains), other university-based research programs, and a state of the art system of public and university libraries that cooperate to provide equal access to information for all Kentuckians.

A Diverse & Competitive Workforce

Kentucky will thrive most when it positively attracts and retains the best national and international human capital and talent. To further this objective, Kentucky's primary, secondary, and postsecondary education institutions should adequately support English as a Second Language (ESL), foreign language, and global competency programs. In addition, state immigration regulations, public policies, and incentives in Kentucky should welcome and encourage top talent to settle in the Commonwealth. Immigration and positive domestic in-migration legislation should streamline compliance with immigration regulations for Kentucky's businesses to thrive.

GLI promotes and embraces diversity, inclusion, and equality. GLI strongly opposes any discriminatory legislation or regulation that might hinder any person's desire to live and work in Kentucky.

Workforce Training & Preparation

Workforce challenges continue to be among the most pressing issues facing greater Louisville employers. Many regional employers shoulder thousands of dollars in training and retraining costs and miss out on opportunities for new projects and growth due to unfilled positions and workforce capacity limitations. Equally as pressing, the rise of automation and artificial intelligence (AI) will increasingly lead to significant labor force disruption and will require a fundamental rethinking of workforce training and retraining initiatives.

It is critical that lawmakers view Kentucky's current and future workforce challenges as a significant barrier to economic growth and make the investments needed to build a workforce that can meet the needs of employers and anticipate the unique demands of a 21st century economy.

The Cost of Training & Retraining to Employers



46.7hrs Average Hours of Training Per Employee for U.S. Companies



\$4.9 million Average Annual Training Expenses for U.S. Companies

Source: 2018 Training Industry Report

The General Assembly must work diligently to support workforce development by:

 Establishing a permanent fund for grants to workforce boards and other providers to provide more industry-focused training and retraining initiatives targeted at high-demand jobs with good career pathway opportunities

 Creating and funding initiatives aimed at cultivating a competitive tech workforce, including trained AI data scientists to support sustained AI experimentation, development, and deployment in Kentucky Continuing to fund and support the Work Ready Kentucky Scholarship program

 Supporting the expansion of apprenticeships and adult education programs

• Providing funds for GED testing and obtaining career competency credits

 Passing "Earn-and-Learn" Tax Credit legislation to help employers cover the costs of training new employees and retraining current staff

Attract & Retain Talent

Stagnant population growth and talent attraction are problems impacting all regional employers and pose a serious threat to greater Louisville's business competitiveness. These issues are particularly pressing for business sectors that depend on attracting and retaining high-skill workers.



That's why GLI launched Live in Lou, a talent attraction initiative aimed at increasing our region's skilled workforce, reversing population growth trends, and ensuring that greater Louisville grows at a rate that is competitive with peer cities.

The General Assembly should work to augment regional initiatives like Live in Lou by proactively encouraging individuals with training in high-demand industry sectors to live and work in Kentucky through tax incentives and other benefits.

Increasing greater Louisville's talent pool would not only support current employers facing workforce challenges but would also position our region to attract and support new businesses.

Visit LiveinLou.com

Labor Force Growth Among Louisville & Peer Cities 2010 - 2019



Source: Bureau of Labor Statistics



Workforce Opportunities Through Criminal Justice Reforms

GLI is a strong supporter of criminal justice reform measures focused on reducing Kentucky's incarcerated population, lowering state spending on corrections, and creating pathways for non-violent ex-offenders to reenter the workforce and become productive, self-sufficient citizens.

In 2015, GLI became the first business organization in the Commonwealth to back Class D felony expungement and championed legislation expanding expungement and lowering cost's in 2019. GLI urges the General Assembly to continue improving Kentucky's expungement system by further reducing costs, streamlining application and approval processes, lowering or removing wait periods, and making the expungement of acquittals and dismissals automatic. To help facilitate and improve the review and approval process for expungement in Kentucky, GLI supports increased funding for state court systems to hire and retain staff and make technological upgrades.

Expungement, however, should be the first of many reforms to Kentucky's criminal justice system. The General Assembly must reform Kentucky's bail system to place meaningful limitations on the use of monetary bail or transition to a cashless bail system. This would help prevent many individuals from entering the corrections system in the first place, allow accused individuals to continue working, and reduce disruption for employers.

GLI is also supportive of reclassifying certain non-violent offenses, adjusting felony thresholds, improving probation and parole processes, increasing the use of alternatives to imprisonment, providing more education and workforce training opportunities to inmates, and developing treatment plans for ex-offenders with substance use disorders.

Workforce Housing Tax Credit

Kentucky should join fifteen other states in adopting a state version of the federal affordable housing tax credit to address one of the biggest barriers to many Kentuckians fully participating in the workforce – the high cost of housing. Enacting a state credit would encourage the private sector to invest more in affordable housing projects for workers and represents the best way for Kentucky to access hundreds of millions of untapped federal dollars. Based upon the success of such credits in other states, over ten years, a state credit could produce 11,250 housing units and generate \$435 million in economic activity, depending on annual caps placed on the program by the General Assembly.

Address Substance Use Disorders Through Treatment, Prevention, and Employment

As Kentucky continues work to address substance use disorders, the General Assembly must remain dedicated to allocating state funds and taking full advantage of available federal funds to provide the necessary resources for treatment, prevention, and job training.

In addition, the General Assembly should pass legislation to encourage and support businesses that employ individuals with substance use disorders. This should include liability protections for employers as well as clear statutory guidelines on how employers can assist employees in accessing treatment programs.

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ENVIRONMENT & ENERGY

Energy Independence

With forward-thinking investment and incentives, Kentucky is poised to be a leader in the move toward energy independence. GLI encourages investment and research in renewable, domestically-produced alternative energy resources and the development of "green" infrastructure, including green building construction and rehabilitation, green roofs, and the expansion of tree cover in urban areas through partnerships and targeted incentive programs.

Brownfield Remediation

Brownfield remediation and redevelopment programs are critical for reducing the prevalence of blight and hazardous properties in greater Louisville. GLI supports programs aimed at assisting businesses and development with brownfield remediation and redevelopment through assessment services and funding opportunities.



Attract & Retain Regulatory Professionals

Businesses operating in the energy and environmental sectors are required to work closely with the Kentucky Energy and Environment Cabinet to ensure compliance with numerous administrative and environmental regulations. GLI continues to advocate for the Commonwealth to attract and retain a staff of highly-skilled, knowledgeable professionals to assist with compliance and permitting processes. By adequately funding Cabinet personnel costs, the General Assembly can help to ease these processes and allow businesses to grow and operate more efficiently.

Affordable Energy

Access to energy resources at competitive rates is vital to attracing and retaining businesses and talent in greater Louisville, and Kentucky has longed enjoyed the distinction of being an affordable-energy state. GLI supports policies that serve to help regional energy companies to continue providing services and resources at competitive rates and is opposed to mandates that threaten to drive up costs for energy providers and consumers. In 2018, Kentucky had the seventh-lowest average electricity price of any state and the lowest price for a state east of the Mississippi

How average electricity prices in Kentucky compare to the rest of the country



U.S. Energy Information Administration (June 2018)



HEALTH CARE

Medicaid

A healthy workforce is vital to economic development but must come at a cost to the state that is sustainable. This core principle should serve as the foundation of any changes to how Kentucky serves its Medicaid population. Reforms to the Medicaid system should focus on effective state spending on health care, which cultivates a healthy population, provides a smooth transition to private coverage for Medicaid recipients leaving the system, and minimizes burdens on providers, insurers, and businesses. Reforms should also serve to increase efficiencies within Kentucky's Medicaid system, reduce fraud, and encourage and reward workforce participation.

To allow Kentucky to continue receiving the federal matching funds it needs to administer Medicaid services and cover the Medicaid population, the General Assembly should ensure that all taxes impacting the health care sector in the Commonwealth comport with Centers for Medicare and Medicaid Services guidelines.

Certificate of Need

GLI encourages the legislature to maintain the current system of Certificate of Need. The current system takes the impacts and benefits of new medical facilities, health services, and major medical equipment into account to provide health care more efficiently to Kentuckians.

Reform Kentucky's Legal Liability Climate

GLI supports reforming Kentucky's legal liability climate, which studies have shown to be one of the top 10 worst in the country. For greater Louisville to continue cultivating its status as a center for high-quality and innovative health care, efforts must be made to curtail and contain frivolous lawsuits in the medical industry. Passage of confidential peer review and medical review panels in past sessions were steps in the right direction, but more reforms to Kentucky's legal liability climate—such as restrictions on fraudulent legal advertising, limits on claimants' attorney fees, and a constitutional amendment to allow caps on damages—will improve patient care and help our region retain and attract health care professionals and businesses.

KENTUCKY'S LAWSUIT CLIMATE



Source: U.S. Chamber Institute for Legal Reform

Health Care Talent & Workforce Needs

To adequately serve a growing and aging population, Kentucky must address the shortage of medical professionals by creating and supporting programs to build the medical workforce and by providing incentives that will retain and attract health care professionals and workers.

A Healthier Kentucky

A healthy workforce is important to a strong economy. It is critical that the legislature support incentives for businesses encouraging healthy lifestyle choices. The General Assembly should take meaningful steps to reduce tobacco usage in Kentucky by increasing the minimum age to purchase tobacco and electronic cigarettes to 21, raising taxes on cigarettes, taxing electronic cigarettes and smokeless tobacco the same as cigarettes, and removing smokers as a protected class. To help reduce youth smoking and e-smoking rates, state lawmakers should take action against efforts to market nicotine products to youths.

Continuing the fight against the substance use disorder epidemic is also vital to building a healthy workforce. Legislative approaches to addressing this crisis should focus on providing the resources necessary for effective treatment and prevention strategies and allowing for a more targeted alignment of available services and a continuum of care for individuals with substance use disorders.



TRANSPORTATION & WFRASTRUCTURE

Road Aid Modernization

GLI supports modernizing the revenue-sharing formula that the state has used to allocate gas tax revenues since 1948 to ensure that regions like greater Louisville receive their fair share of road fund dollars and are able to repair their crumbling infrastructure. The current revenue-sharing formula should be reformed to more accurately account for lane milage, traffic counts, and population growth. Appropriately and fairly allocating funds for transportation and infrastructure is fiscally responsible and will help accelerate Kentucky's economic engines—its cities—which benefits all Kentuckians.

Sustainable Funding for Infrastructure

In conjunction with modernizing the road aid formula, the General Assembly must put in place a sustainable strategy for funding short and long-term infrastructure needs. The legislature should update Kentucky's gas tax and other road-fund revenue streams in order to address a growing backlog of sorely-needed infrastructure projects throughout regions like greater Louisville. The state must also account for the growth of electric and hybrid vehicles on Kentucky roads by ensuring that these users adequately contribute to the maintenance of roads and bridges. GLI supports measures to safeguard fairness for all users of Kentucky's highways, roads, and streets.

Investment In Quality Water & Sewer Infrastructure

To improve the quality of regional water and sewer infrastructure, legislative and regulatory actions should encourage sustainable and long-term growth in regional sewer capacity and regional water expansion projects. To avoid catastrophic loss and damage, resources are needed to repair and modernize flood protection systems. Water quality treatment efforts and storm water conservation efforts such as pervious pavement should also be included in these efforts.

The Need for Infrastructure Funding



Kentucky's Current Need: An additional \$490 million per year in infrastructure funding to address priority road projects



As the home to UPS WorldPort, Louisville is already the world's leading logistics hub, but this position is not guaranteed. To continue capitalizing on greater Louisville's central location and proximity to all five major modes of transportation, Kentucky must invest more in infrastructure to attract jobs and compete in today's 21st century economy. Funding solutions must be dynamic and meet the evolving needs of a changing economy and workforce. We support long-term, sustainable funding that provides adequate revenues for all modes of transportation so our state can maintain the infrastructure we have today and build what we need for our future.

To achieve this end, the legislature must:

- Protect the integrity of the road fund by refusing to divert road funds to pay for General Fund obligations
- Support dedicated and adequate funding for public transportation
- Protect the integrity of the Aviation and Economic Development Fund
- Develop and maintain infrastructure at Kentucky's major ports
- Improve multi-modal freight transportation by funding maintenance and improving safety of rail infrastructure that will better support short line tracks and regional railroads
- Promote safe and fiscally responsible transportation options beneficial to bike and pedestrian mobility

Invest in Mobility

Greater Louisville relies on a robust public transportation system to deliver a qualified workforce to employers, get students to class, and support strong economic development. Insufficient capital investment in public transportation at the state level has hindered the growth of public transportation in our region and pushed the need for replacement buses to a critical point, jeopardizing service. Additionally, the loss of federal toll credits, used as the local match for federal funds has created an urgent need for an increase in state investment and must be addressed during the budget session. GLI supports a dedicated and sustainable revenue source for public transportation that will adequately address the mobility needs of our region. We urge the legislature to make these needed investments during the 2020 session.

Telecommunications Infrastructure For The Future

With the coming of new technologies, Kentucky should ensure that regions like greater Louisville are well-positioned for the future by supporting the development and modernization of telecommunications infrastructure. Kentucky is the only state in the region that does not provide incentives to encourage investment in broadband networks and other telecommunications technologies. GLI supports efforts that put Kentucky on an even footing with our surrounding states in terms of broadband deployment incentives for wired and wireless networks and opposes measures that threaten to impede or hamper investment in digital infrastructure. To further encourage investment in telecommunications infrastruture, the General Assembly should also ensure that regulatory processes are as streamlined as possible and provide for fair and reasonable terms, conditions, and rates to access state controlled rights of way and infrastructure. To that end, GLI supports the goals of FCC's Declaratory Ruling and Third Report and Order on wireless broadband deployment, which aims to facilitate a timely buildout of 5G, small cell infrastructure by providing guidance to state and local governments and eliminating unnecessary regulatory barriers.



BI-STATE

In 2016, Greater Louisville Inc. and One Southern Indiana established a 15-county bi-state region to work together to accelerate regional economic growth. This partnership's mission is to support and grow the regional economy, making the greater Louisville region more competitive in the global marketplace.

Our Southern Indiana Regional Development Authority

GLI supports the continued economic development of Southern Indiana through the Indiana Regional Cities Initiative and the formation of the Our Southern Indiana Regional Development Authority. This multi-county partnership will allow the greater Louisville region to leverage competitive state grant funding for economic development and quality-of-place projects.

The Louisville Loop

The Louisville Loop seals greater Louisville's position as a world-class city with a world-class park system. With the expansion of the Ohio River Greenway in Clark and Floyd Counties, the Louisville Loop has the potential to become truly regional. The two remaining tasks are to adequately support the completion of the Ohio River Greenway in Indiana and to finish the bike and pedestrian connection across the Ohio River between Portland and New Albany, allowing for full completion of a pedestrian loop.



Planning for Future Growth

With new businesses starting, expanding, and relocating to Southern Indiana alongside a rapidly-increasing population, Southern Indiana is ripe for significant growth in the coming years. GLI encourages the Indiana General Assembly to strategically plan for the region's future by encouraging development and adequately funding infrastructure projects.

Opportunity Zones

Throughout greater Louisville, there are more than two-dozen Opportunity Zones ready and waiting for an influx of private investment to spur growth and development. This new federal tax incentive was enacted by Congress as part of the 2017 Tax Cuts and Jobs Act and seeks to leverage capital gains to reinvigorate the economies of low-income areas. To take full advantage of the development potential of Opportunity Zones, Kentucky and Indiana should look to align other economic and workforce development programs with Opportunity Zones and explore ways to further attract investment through targeted and complimentary tax incentives.

Opportunity Zones Investment Benefits

- Temporary deferral of taxes on capital gains reinvested in an OZ Fund
- Step-up in basis for gains reinvested in an OZ Fund
- Permanent exclusion from taxes for gains realized from the sale of an OZ investment after 10 years



Invest in Parks

GLI continues to support its park systems and the need to further develop and maintain these public spaces. Investment in greater Louisville's park systems, including Waterfront Park, has directly spurred millions of dollars in economic impact ranging from restaurants and events and tourism to residential/business development and renovations.

Regional Broadband Access

Beyond physical connections, broadband access across Southern Indiana and greater Louisville is critical for further economic development and connectivity. Indiana should modernize regulations allowing for the addition of fiber cable to current telecommunications infrastructure on private property.

The Ohio River as a Water Resource & Economic Driver

The Ohio River must continue to play an important role as an economic engine for the bi-state region. With the expansion of the Jefferson Riverport in Southwest Louisville, the new connectivity of the Port of Indiana in Jeffersonville, and the East End Crossing, inland waterways are poised for resurgence across the United States. Positioning greater Louisville to prepare for and benefit from this growth is a top legislative and regulatory priority for GLI. Beyond its role as an economic driver, the Ohio River, its tributaries and creeks offer a sustainable water resource for the region. In 2017, Indiana's legislature took action and implemented a water authority to study and devise a plan for water utilization. Kentucky should work in cooperation with these efforts to promote safety, sustainability, and quality while supporting economic development through tourism, manufacturing, recreation, and agriculture.

Supporting a Healthier Regional Workforce

GLI has long advocated for policies to improve the health and productivity of Kentucky workers, but to cultivate a healthy workforce throughout our region as a whole Indiana must also enact measures aimed at promoting healthy lifestyles. GLI is supportive of efforts in Indiana to increase taxes on cigarettes, raise the smoking age to 21, and repeal laws that give preferential treatment to smokers. In addition, GLI advocates for additional resources to support substance use disorder treatment and recovery efforts in Southern Indiana.

Alignment of Kentucky & Indiana Labor Laws

The more comparable Kentucky and Indiana labor and employment laws are, the easier compliance and operations will be for bi-state businesses in the greater Louisville region. With Kentucky's recent passage of The Pregnant Workers Act, GLI encourages Indiana to be the next state in the country to adopt this legislation, which supports female participation in the workforce and provides important legal clarity and guidance for employers.

Interstate Medical Licensure Compact

Passage of Nurse Licensure Compact (NLC) legislation in Indiana in the 2019 session marked a major win for regionalism in greater Louisville. To build on this achievement, Indiana should join Kentucky in passing legislation to become a member of the Interstate Medical Licensure Compact (IMLC). The Compact creates an expedited pathway to licensure for qualified physicians seeking to practice in multiple states. As with the NLC, passage of IMLC legislation in Indiana would further facilitate regionalism in greater Louisville, increase access to health care, and make our community more attractive to health care professionals throughout the country.

Public Policy Committees

GLI thanks the many individuals who volunteer their time and expertise to assist in business advocacy efforts. Special thanks are extended to those listed below who lead the Public Policy Council and its Issue Advisory Committees.

Public Policy Council

Tim Hagerty, Frost Brown Todd LLC

Bi-State Doug York, Rodefer Moss & Co, PLLC

Business Competitiveness Jim Dahlem, Dahlem Company Tom Luber, Wyatt, Tarrant, & Combs LLP

Education and Workforce Jeff Wafford, UPS

Environment and Energy Jennifer Cave, Stites & Harbison PLLC

Health Care Gwen Cooper, Hosparus Health

Transportation and Infrastructure Chris Dickinson, Wood Environment & Infrastructure Solutions, Inc.

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Government Partners

City of Jeffersontown Louisville Forward Louisville Metro Government

GLI's 2020 State Legislative Priorities

Business Competitiveness

- Fund & Maintain Kentucky's Economic Development Incentive Programs
- Support Small Business Development Centers
- Outline Definitions & Guidelines for Independent Contractors
- Modernize Kentucky Labor & Employment Laws
- Reform Kentucky's Unemployment Insurance System
- Ensure Drug-Free Workplaces
- Allow Better Revenue Options for City & County Governments
- Continue Making Kentucky's Tax Code More Business Friendly
- Fully Fund Pensions & Enact Comprehensive Pension Reform
- Expand Gaming & Authorize Sports Betting
- Protect Kentucky's Tourism Economy
- Make the Barrel Tax Fully Refundable
- Oppose the Sale of Wine in Grocery Stores
- Maintain Current Tax Treatment for Historical Horse Racing Machines
- Incentivize Investment in Depressed & Historic Areas
- Fund Culture & Arts Programs

Education & Workforce Development

- Expand Access to Pre-K Education & Childcare
- Increase State Investment in K-12 Education & Higher Education
- Create a More Dynamic Compensation System for Educators
- Increase Educational Options for Kentucky Families
- Support STEAM Initiatives
- Support University Research & Libraries
- Oppose Anti-Inclusive & Discriminatory Legislation
- Invest in Workforce Training & Retraining Initiatives
- Incentivize High-Skill Workers to Relocate to Kentucky
- Incentivize More Workforce Housing
- Provide More Treatment & Recovery Resources for the Substance Use Disorder Crisis
- Reform Kentucky's Criminal Justice System
 - o Improve Expungement Laws, Probation, Parole & Cash Bail Systems

Environment & Energy

- Encourage Investment & Research in Renewable Energy Resources
- Support Brownfield Remediation Programs & Assistance
- Attract & Retain Regulatory Professionals
- Protect Kentucky's Status as an Affordable Energy State

Health Care

- Ensure Medicaid Programs Are Effective and Sustainable
- Maintain Certificate of Need
- Reform Kentucky's Legal Liability Climate
- Support the Development of a Health Care Workforce
- Improve the Health of Kentucky's Workforce
 - o Raise the Minimum Purchase Age for Tobacco & Vaping Products to 21
 - o Increase the Cigarette Tax
 - o Establish Tax Parity for Vaping Products
 - o Remove Workplace Protections for Smokers
 - o Take Action against Efforts to Market Vaping Products to Youths

Transportation & Infrastructure

- Increase Infrastructure Funding & Reform Kentucky's Road-Aid Formula
- Support the Development of Multi-Modal Transportation
- Increase State Investment in Public Transportation
- Invest in Quality Water & Sewer Infrastructure
- Facilitate the Growth of Telecommunications Infrastructure

Bi-State

- Support the Our Southern Indiana Regional Development Authority
- Finish the Louisville Loop
- Prepare Southern Indiana for Future Growth
- Capitalize on Opportunity Zones in Greater Louisville
- Invest in Regional Parks
- Expand Access to Regional Broadband
- Optimize the Ohio River as a Water Resource & Economic Driver
- Support a Healthier Regional Workforce by Passing Legislation to Lower Tobacco & Vaping Usage
- Pass a Pregnant Workers Law in Indiana
- Pass the Interstate Medical Licensure Compact in Indiana

STATE LEGISLATIVE AGENDA 2021

Interested in helping craft next year's State Legislative Agenda?

Join a GLI Issue Advisory Committee

GLI's Issue Advisory Committees are great opportunities to network, connect with policymakers, engage in the public policy process, and learn about key issues. Most importantly, GLI's committees give GLI investors the opportunity to shape public policy and ensure the voice of the greater Louisville business community is heard loud and clear in Frankfort and Indianapolis.

All GLI investors are eligible to serve on an Issue Advisory Committee. Make sure your business is represented! Contact a member of GLI's staff to learn more or visit GreaterLouisville.com/Advocacy

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