
2023

State Legislative Agenda



[GLI] GREATER LOUISVILLE INC.
The Metro Chamber of Commerce

2023

State Legislative Priorities

AT A GLANCE

Bi-State

- Establish economic development incentive reciprocity with Indiana
- Support infrastructure and land development in Southern Indiana through READI
- Ease licensing rules across state lines
- Pass stronger pregnant workers protections in Indiana
- Fund regional public transportation
- Expand access to regional broadband
- Continue funding Regional Economic Acceleration and Development Initiative
- Explore ways to decrease or eliminate tolls for Louisville-area bridges
- Support tuition reciprocity in Kentucky and Indiana

Business Competitiveness

- Invest in cybersecurity infrastructure and build pipeline for workforce
- Ensure workplace and employer protections for drug-free workplaces
- Strengthen effective economic development incentive programs to increase Kentucky's competitiveness
- Reform distiller's taxes to lower tax burden while keeping communities whole
- Streamline Kentucky labor laws to align with federal standards
- Support pro-growth land development policies
- Reduce public pension costs
- Expand funding for programs that support small businesses and entrepreneurs
- Authorize sports wagering
- Build on reform of Kentucky's tax code toward consumption-based taxes with passage of local tax reform legislation
- Support tourism, hospitality, and the arts
- Build on reforms to Kentucky's unemployment insurance system

Education & Workforce

- Attract and retain skilled workforce through relocation and student loan incentives
- Examine benefits cliff to ensure smooth transition and continued employment for those easing off benefits
- Enact meaningful criminal justice reform to support re-entry and continued employment
- Fund full-day kindergarten
- Increase funding for K-12 and higher education
- Address acute educator staff shortage
- Fund substance use disorder treatment and recovery programs
- Maintain a diverse and inclusive workforce by opposing harmful legislation that could be perceived as discriminatory or unwelcoming
- Encourage second-chance hiring
- Stabilize the child care sector and engage business community in solutions and partnerships
- Remove barriers to workforce participation and educational and training opportunities
- Fund workforce development programs

Energy & Environment

- Ensure energy affordability
- Attract and retain regulatory professionals
- Fund brownfield remediation programs
- Allow for compliance flexibility during times of emergency
- Implement reliable and efficient charging network to support growth of electric vehicles
- Ensure environmental audit privilege extends to companies operating in Jefferson County

Health care

- Improve the health of Kentucky's workforce
- Maintain certificate of need
- Take further action to support attraction and development of healthcare workforce, particularly skilled nursing
- Enact reforms to Medicaid system
- Ensure employer rights to work place health and safety issues with in their businesses
- Reform legal liability climate

Transportation & Infrastructure

- Increase investment in mobility
- Capture available federal funding to extend passenger rail lines out of Louisville
- Invest in water and sewer infrastructure
- Increase infrastructure funding and modernize Kentucky's road aid formula
- Develop multi-modal fund for investment in public transportation, aviation, ports, and freight
- Facilitate growth of telecommunications infrastructure through incentives and streamlining regulatory processes



Bi-State

Bi-State Tax Incentives

Kentucky and Indiana should finalize a framework allowing companies whose workforces reside in both states to take full advantage of existing economic development incentives. A business based in Kentucky should receive credit for creating a job even if the employee lives in Southern Indiana, and vice versa. Incentive reciprocity would support regional economic development efforts and more effectively promote regionalism in Greater Louisville. In addition, for large-scale, high-impact economic development opportunities, GLI encourages Indiana and Kentucky to coordinate on incentive packages to help optimize the region's ability to attract new businesses and support major business expansions.

Planning for Future Growth & Investment

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 land development and redevelopment and adequately funding infrastructure projects. To further prepare for future growth and economic development, Indiana must continue its support and increase its investment in public transportation in Southern Indiana to preserve and expand routes and ensure the efficient movement of workers, tourists, students, and customers. An increased investment in state funds for public transportation will ensure that our region can support capital and infrastructure investments by leveraging federal funds now available through the Infrastructure Investment & Jobs Act.

Professional Licensing and Credentialing

Indiana and Kentucky should work proactively to remove barriers to work and regionalism by allowing licensed or credentialed professionals to work on either side of the Ohio River without the burden of seeking additional licenses or certifications or requiring them or their employers to pay additional fees. Both states should ensure that their licensing and credentialing processes do not prevent regional employers from finding the talent they need to grow their businesses.

Pregnant Workers Legislation

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 passage of the Pregnant Workers Act in 2019, GLI encourages Indiana to adopt similar legislation supporting female participation in the workforce and providing important legal clarity and guidance for employers. While Indiana lawmakers recently enacted modest improvements, stronger protections are necessary to ensure clarity for employers.

Quality of Place & Connectivity

The parks and pedestrian and cycling pathways along the waterfronts of Louisville and Southern Indiana make Greater Louisville more competitive in attracting and retaining talent and improve quality of life.

Policymakers in Kentucky and Indiana should strategically invest in key quality of place projects such as the Ohio River Greenway and Waterfront Park and fully leverage the unique asset of the Falls of the Ohio State Park to attract national and international attention and programming to our region. Lawmakers should support increased connectivity between Louisville and Southern Indiana through initiatives such as connecting Portland and New Albany with a second regional pedestrian bridge.

With the increased availability of federal grants, GLI encourages state and local governments in Southern Indiana and Greater Louisville to work together to explore ways to decrease or eliminate tolls for the Louisville area bridges. Current tolling rates combined with planned increases tied to inflation place an undue burden on our region's workforce and discourage commerce and travel through this integral corridor. The revenue forecasts were updated in 2021 to account for changing travel and work trends resulting from the COVID-19 pandemic and both Kentucky and Indiana have met and are positioned to exceed the forecasted revenue projections this year. The Joint Board & Tolling Board should consider ways to ease the burden on businesses and the workforce that regularly use the bridge including limiting rate increases and introducing a flat monthly rate for frequent commuters in lieu of the frequent user discount program.

Regional Broadband Access

Beyond physical connections, broadband access across Southern Indiana and Greater Louisville is critical for further economic development and connectivity. Policymakers in both states should continue leveraging available federal funding, in partnership with internet service providers.

Southern Indiana Regional Development Authority

GLI supports efforts to attract and retain talent in Southern Indiana through the Regional Economic Acceleration and Development Initiative (READI) and the formation of the Our Southern Indiana Regional Development Authority. This multi-county partnership allows the Greater Louisville region to leverage competitive state grant funding for economic development and quality-of-place projects. The Indiana General Assembly should continue to dedicate funding to this important initiative.

Tuition Reciprocity

Tuition reciprocity between Kentucky and Indiana increases access and choice for students pursuing higher education and further helps to remove barriers to regionalism in Greater Louisville. Lawmakers in both states should actively work to support the timely renewal of Kentucky and Indiana's tuition reciprocity agreement and the participation of regional institutions.





Business Competitiveness

Cybersecurity

With rising tensions across the globe, the threat to businesses in the United States and Kentucky from cybersecurity attacks and data breaches are rapidly increasing. Cybercriminals are targeting businesses of all sizes, from major health care systems to small main street retail establishments. Investing in cyber-ranges and related infrastructure to allow appropriate testing and preparation will allow businesses in the state to securely operate today and in the future. Building the pipeline for a trained cybersecurity workforce is essential to keeping Kentucky businesses competitive – as of this drafting, there are over 4,000 unfilled cybersecurity jobs in Kentucky. GLI encourages the Kentucky General Assembly to invest in a Kentucky center that fosters an ecosystem for cybersecurity training, education, support services, and innovation. Furthermore, state government officials should continue to invest in and modernize their own cybersecurity defenses, on their own and through appropriate partnerships with the federal government.

Drug-Free Workplaces

As the General Assembly continues to explore 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 because of being under the influence of marijuana should not be eligible for workers' compensation benefits, regardless of whether a physician recommended marijuana.

Economic Development

Growing the region's economy through business attraction and expansion efforts is one of GLI's foremost priorities. Business expansions and new employers in Greater Louisville create jobs and provide opportunities for all. Targeted economic development incentives offered by the state play a key role in helping businesses get off the ground, expand operations, and locate new facilities and headquarters in the region.

Economic Development (cont.)

In the upcoming session, the General Assembly must continue to support successful and effective economic development incentive packages and explore ways to increase Kentucky's competitiveness in creating jobs. This should include strengthening Kentucky's Qualified Research Facility Tax Credit to help position Greater Louisville as a center for innovation and ideation. Changes to the Kentucky Business Investment program should also be amended to include incentives for businesses which are not capital intensive, but which create high paying wages. Economic Development incentive packages that attract businesses in the technology industry to establish or relocate in Kentucky should be a priority.

Inflation

Our economy is experiencing record levels of inflation across all sectors which is affecting the buying power of consumers and businesses. This troubling trend can be attributed to many factors exacerbated by the pandemic including increased consumer demand, supply chain disruptions, labor shortages, and federal monetary policy. The General Assembly has already taken steps to reduce the burden on Kentucky businesses and residents, including the reduction of the personal income tax rate and unemployment insurance reform, to address Kentucky's low labor participation rate. GLI encourages lawmakers to continue to act in easing the inflationary pressures on our economy by reducing regulations which will keep business costs down while ensuring that legislative actions do not place undue financial burdens on businesses.

Kentucky Bourbon

The General Assembly must work to protect and grow Kentucky's homegrown bourbon industry. The Greater Louisville region has benefitted more than anywhere else in the state by the global success of Kentucky bourbon. Even though 95% of the world's supply of bourbon is produced in Kentucky, other states have taken notice and want what Kentucky has. The General Assembly should take immediate action to help our signature industry by lowering the tax burden on distilleries through the elimination of the barrel tax.

Kentucky remains the only place in the world that taxes aging barrels of spirits each year. This discriminatory barrel tax puts Kentucky at a competitive disadvantage with other cities and states to attract distilleries, jobs, and vital economic investment. GLI supports making the bourbon barrel tax credit refundable or phasing out the tax while ensuring that the local communities that support the industry and are impacted would be held harmless. Doing so would lower the economic barriers to entry for new distillers looking to locate in Greater Louisville and around Kentucky. GLI also supports streamlining alcohol taxes on canned cocktails by fairly taxing the alcohol by volume (ABV) similarly among alcohol types.

GLI recognizes the privileges the General Assembly has afforded our signature bourbon industry and with those privileges comes a responsibility. As such, GLI supports designating state funding to partner with the industry for educational and responsibility initiatives. GLI also applauds the General Assembly's passage of House Bill 500 in the 2022 session that legalized private barrel selection programs and created parity with other alcohol industries. HB 500 ensures that distilleries in our region and throughout the state can continue to create unique tourism experiences and attract more visitors along the Kentucky Bourbon Trail.



Kentucky Labor and Employment Laws and Regulations

To streamline compliance for businesses and reduce unwarranted lawsuits, GLI supports increased alignment of Kentucky labor and employment rules with federal standards and opposes legislative or regulatory efforts that would make Kentucky an outlier in this area. Increased alignment 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.

GLI recognizes efforts in the General Assembly to clarify issues related to employee classification and misclassification in the construction industry. Legislation to address worker classification and misclassification in Kentucky should protect independent contractor relationships and ensure competitive parity for all businesses in the construction industry. Legislation on this issue must not result in overregulating impacted industries, negatively impacting economic development, or exacerbating workforce challenges.

Land Development and Redevelopment

Land development and redevelopment strongly supports economic growth, job creation, housing affordability, improved quality of life, and urban density. While many decisions regarding land development and redevelopment policy are made locally, the General Assembly can and should play a positive role in promoting pro-growth land-use policies. **GLI applauds the actions in Frankfort during the most recent session to address some of these policies and encourages further progress, including:**

- Continuing strong support for Kentucky's appeal bond law to deter lengthy appeals processes aimed at derailing projects supported by the community.
- Enacting a state workforce housing credit to make affordable housing projects more financially feasible for the private sector.
- Matching state guidelines to mirror federal support for the Kentucky Historic Preservation Tax Credit Program, including extending the phasing of development projects.
- Restructuring statutory language on TIF financing to make it more accessible 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.
- Aligning state economic development incentives with the federal Opportunity Zone program and support business development in these areas.

Pension Reform

The General Assembly has made progress in recent years to invest in the unfunded liability of Kentucky's public pension funds. However, further reforms are needed to ensure that the state's economic potential is not restricted and that lawmakers can continue to make much-needed investments in key growth areas such as education, child care, and workforce development. Members of the General Assembly must work together to enact sustainable reforms to ensure system solvency and reduce costs for the state government and local governments throughout the Commonwealth.

Public Safety and Law Enforcement

Building safer communities hinges on securing and sustaining trust between law enforcement agencies and the communities they serve. As the city of Louisville moves forward with reexamining local policies, procedures, and trainings, GLI encourages the General Assembly to ensure that local leaders are equipped with the tools they need to pursue this important work and enact meaningful reforms, including access to subpoena power in order to achieve full investigatory authority.

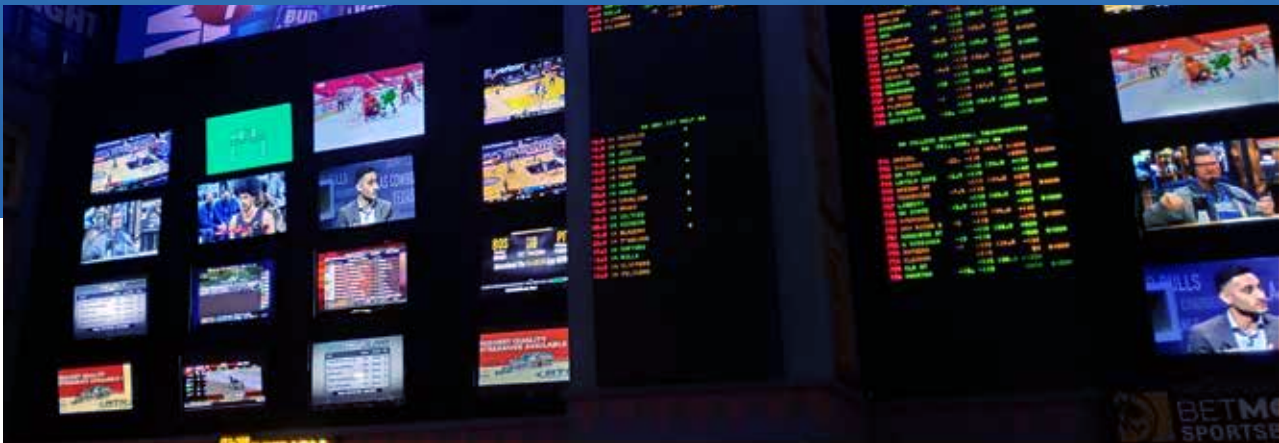
In light of recent increases in pedestrian and motorists-involved accidents on Louisville's roadways, along with current law enforcement staffing issues, GLI encourages Kentucky lawmakers to consider allowing consolidated governments defined under KRS 67C the ability to use cameras automated enforcement as an option for traffic control at intersections. Studies have shown the effectiveness of automated enforcement can reduce fatal crashes by 21%. While automated enforcement can raise concerns regarding due process and privacy, many states have structured their laws to treat violations resulting from red-light cameras similarly to parking tickets, in which they would not affect a driver's record or insurance rates. Implementation should be based on safety concerns, concentrating on problem intersections with a history of crash data and violations.

Small Businesses, Start-Ups, and Entrepreneurs

Creating an environment where small businesses, start-ups, and entrepreneurs of all backgrounds thrive is key to the future of Greater Louisville's economy. The General Assembly can continue to support these types of businesses and employers in the Commonwealth by maintaining full funding of Kentucky's Small Business Development Center, expanding the Angel Investment Tax Credit Program to allow for all Kentucky counties to take advantage of the full available credit, continuing the SBIR/STTR Matching Funds Award Program, and continuing to support entrepreneurial programming. Increasing flexibility for state investment dollars and reducing barriers to start new businesses should be prioritized.

Fostering an environment where small businesses and start-up entrepreneurs have access to institutional knowledge and resources is essential for their success and the strength of our local economy. GLI encourages the General Assembly to continue funding through the Kentucky Cabinet of Economic Development for entrepreneurial mentorship programs like Amplify Louisville's entrepreneurship-in-residence programs and University of Louisville's executive-in-residence program.

GLI supports policy solutions to promote inclusion and minority business growth, such as the modernization of government contracts and certification, contract set asides for minority businesses, tax policies and other benefits, funding of business development programs, and investment opportunities.



Sports Betting

With sports betting legalized and regulated in nearly every surrounding state, Kentucky is once again turning its back to economic opportunities and new sources of revenue to help address the pension crisis. In the upcoming session, lawmakers should consider that tax dollars derived from sports betting can improve our education system, build infrastructure, promote economic growth, and ensure the long-term stability of the state budget.

State Tax Reform

In a 21st century economy where businesses and talent can locate wherever they choose, Kentucky must provide a business-friendly environment to attract, grow, and retain tomorrow's employers. GLI firmly believes that creating an environment for business success will place the Commonwealth on a path of unprecedented momentum that will only increase with time.

GLI applauds the bold work of the General Assembly in recent sessions to lower the state's personal income tax rate. These reforms improved Kentucky's tax code and will support economic growth and the Commonwealth's business competitiveness.

Lawmakers should remain focused on continuing to make tax policy in Kentucky more competitive with surrounding states and encourage business growth in the Commonwealth. This should include decreasing the state's outdated reliance on production-based taxes and allowing for comprehensive tax reform at the local level.

Kentucky should revise its overall tax code so that it is more attractive when compared with other states. In this way, economic development efforts will be less dependent on direct tax and other economic incentives. These tax code reforms will result in greater tax equity for all of business, including businesses currently operating in Kentucky. In 2023, lawmakers will need to be sensitive to the fiscal challenges of businesses as employers continue to drive Kentucky's economic recovery. In addition to protecting Kentucky employers from increases to unemployment insurance taxes, the General Assembly must avoid any sort of tax increase on businesses, which would harm the ability of employers to bring employees back to work and make the investments needed to grow our economy.

GLI supports repealing the limited liability entity tax (LLET). However, if retained, the cost of goods sold (COGS) definition must be modified to align Kentucky's LLET COGS definition with that of the COGS definition for federal and Kentucky income tax purposes. By bringing Kentucky in line with the federal and its own income tax definition for COGS, it will both enhance compliance by businesses and improve enforcement by the state.

GLI applauds the General Assembly for updating the Internal Revenue Code (IRC) in the 2022 session. However, we encourage the General Assembly to update the IRC conformity date every session. Adopting an updated conformity date to the IRC benefits Kentucky taxpayers, tax practitioners, and tax administrators. IRC conformity refers to the degree to which a state tax code conforms to the federal tax code and simplifies a state's implementation of its tax policy by using federal taxable income as a starting point for calculations.

GLI opposes allowing the Kentucky Department of Revenue or local taxing jurisdiction to require bonding for taxpayers and businesses to appeal adverse decisions by the Kentucky Board of Tax Appeals. A bonding requirement could restrict the ability of many small businesses to appeal decisions and have their cases reviewed by the courts. Such a requirement runs counter to pro-taxpayer legislation passed by the General Assembly in 2018 and harms Kentucky's business competitiveness.

SALT Parity

A part of the Tax Cuts and Jobs Act of 2017 sets a \$10,000 cap on the amount of state and local taxes (SALT) paid that an individual can deduct when calculating their federal tax liability. This cap negatively impacts individuals, especially those that are shareholders, partners, or members of S corporations, partnerships, and limited liability companies, also known as pass-through entities (PTEs).

The taxes on business profits of PTEs are paid at the individual (shareholder/partner/member) level. As a result, a Kentucky business owner may experience increased federal income taxes and may be at a disadvantage compared to businesses operating in surrounding states that have adopted SALT reforms.

On November 9, 2020, through Notice 2020-75, the Internal Revenue Service announced support for state legislation that creates an entity-level state tax and thus partially restores the SALT deduction for federal income tax on SALT paid on the income from business operations. Since then, almost thirty states have enacted legislation to provide relief to main street businesses. That is, approximately 75% of states with an owner-level personal income tax on PTE income have enacted or proposed PTE taxes. Kentucky is in the 25% minority.

GLI supports legislative action that will allow pass-through entities to elect to pay state and local taxes on their business income at the entity level. By permitting the SALT deduction at the entity level, the individual owner may avoid the \$10,000 SALT cap and have a reduction in their federal individual income tax liability. **For companies that make this election, the reform will:**

- Impose an entity-level tax at the state's individual income tax rate; and
- Allow PTE business owners the benefit of tax credits and taxes paid in other states that have adopted or will adopt these reforms.

Importantly, taxes paid to the General Fund will not be impacted. Savings achieved by this legislation will lower the federal tax liabilities of individual PTE owners. Thus, Kentucky PTE business owners will get a solution to the federal SALT cap at no cost to the state.

Local Tax Reform

Much has changed in our Commonwealth since 1891, except for a restrictive section of the Kentucky Constitution that limits the legislature's power to comprehensively reform local government tax policies. Section 181 of the Kentucky Constitution only permits the General Assembly to delegate to local governments a small number of revenue options, including property, occupational, and a few fees and license taxes. In light of the impacts of the pandemic, Kentucky's pension crisis, and other social and economic pressures, city and county governments in the Commonwealth need increased flexibility to generate revenues and more leeway to design flexible local revenue systems that capitalize on community diversity and create an economically competitive environment. This is important not only for providing key services and meeting obligations but for economic development and future growth. State law must allow city and county governments in Kentucky to develop forward-thinking, business-friendly tax systems to compete and thrive in the 21st century.

Not only will this change increase economic development and improve community services, but it will also make Kentucky more competitive with our surrounding states by allowing us to move away from a system that taxes productivity instead of consumption.

Kentucky should also continue its efforts to make income-based local taxes more uniform to eliminate or reduce the disparate treatment of taxpayers, particularly those who deliver income in multiple jurisdictions. Furthermore, state, and local tax administrators should continue to streamline the tax filing, processing, collection, and enforcement processes across Kentucky.

Unemployment Insurance

The massive unemployment rates brought on by COVID-19 showed Kentucky's unemployment insurance (UI) system to be inefficient, at times detrimental to workforce participation, and costly for employers. GLI applauds the work of the General Assembly during the most recent session to overhaul Kentucky's UI system to focus on rapid re-employment and increasing workforce participation.



Tourism, Hospitality, and the Arts

Louisville's tourism, hospitality, and arts scenes have long been major drivers of economic growth and talent attraction in Greater Louisville. While hit particularly hard during the COVID-19 pandemic, there has been a resurgence in these sectors as residents and tourists return to gathering and embrace the region's art and cultural institutions.

GLI encourages lawmakers to continue their support for these organizations to ensure their long-term recovery and the recovery of our downtown and region:

- The General Assembly should prioritize investment in the arts through Louisville Tourism, the Kentucky Arts Council, and other important cultural institutions, including the Kentucky Center, a facility owned by the Commonwealth of Kentucky which has a major positive impact on regional tourism and our local economy.
- Waterfront Park is an essential component of Louisville's downtown vibrancy and serves as a gateway to the Commonwealth, providing a \$40 million annual economic impact. GLI supports increasing operational funding for Waterfront Park Development Corporation in the state budget.
- Kentucky Venues supports tourism and agriculture by hosting and producing successful events for regional, national, and international clients in their spaces. GLI supports continued funding for Kentucky Venues to renovate and expand their facilities to attract more conferences and events.



Education & Workforce Development

Attract and Retain Talent

Stagnant population growth, talent attraction, and retention are challenges impacting all regional employers and pose a serious threat to economic growth in Kentucky and Greater Louisville. To address these challenges, 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 streamlined, supportive processes for transferring professional licensing and credentials from other states or countries.

Relocation Incentives

In order to capitalize on the national shift toward remote work, the General Assembly should adopt a relocation incentive program to attract new talent, including remote workers, to the Commonwealth. This could be implemented in a number of ways including home construction and rebate incentives, new mover land grants for new home builders, or direct cash payments for new movers to the state working full-time remotely at a business based outside of Kentucky.

Student Loan Tax Incentives

Retaining workforce is a key component to growing our state and regional economy. GLI encourages the General Assembly to implement a student loan tax incentive to encourage recent college graduates to stay in Kentucky as they begin and grow their careers. Easing the burden of student loan debt through tax credits could be a powerful tool in retaining this educated segment of the workforce that will have higher earning and spending power for our local and regional economies.

Benefits Cliff

With Kentucky's workforce participation rate hovering around historically low levels, it is imperative that the General Assembly address the multi-faceted reasons that many Kentuckians opt out of the workforce. A major barrier to work for many Kentuckians is the benefits cliff, which refers to the decrease in public benefits that can occur when recipients are subject to a small increase in earnings. Kentucky has already implemented programs to address this, such as the transitional benefits policies in the Child Care Assistance Program (CCAP). GLI encourages lawmakers to implement additional policies that could aid in the transition for Kentucky families, such as establishing state refundable tax credits and tapering out benefit amounts rather than abrupt cutoffs. Taking these steps would help smooth the transition and encourage workers to embrace career opportunities and higher wages.

Criminal Justice Reform

Criminal justice reform is central to reversing years of misguided policies that have led to overincarceration, trapped numerous Kentucky families in cycles of poverty, disproportionately impacted marginalized communities, and contributed to workforce challenges for Kentucky employers.

With GLI's support, the General Assembly has passed several important bills in recent sessions to reform Kentucky's criminal justice system. This includes improving criminal records expungement, parole processes, and raising the threshold for felony theft. Lawmakers have also given serious consideration to legislation related to cash bail and removing barriers to education for convicted felons. In 2023, GLI encourages lawmakers to take bold action in criminal justice reform with the goal of reducing incarceration and recidivism rates in Kentucky and encouraging workforce, educational, and substance use treatment opportunities for all individuals who come into contact with Kentucky's criminal justice system. **Policy suggestions include:**

- Reform cash bail in Kentucky to address inequities for communities of color and those in poverty which are disproportionately affected. The current system often forces individuals who cannot afford bail into pre-trial detention, negatively affecting their ability to maintain employment before their case is adjudicated.
- Eliminate the ban on individuals convicted of a felony from receiving KEES funds.
- Consider legislative solutions to allow Kentuckians with felony records to regain their right to vote.
- Continue incentivizing education, training, treatment, and employment in Kentucky's probation and parole systems.
- Develop increased alternatives to imprisonment and more effectively optimize current alternative programs and pilot programs, such as the pilot Pretrial diversion program established by the General Assembly for substance abuse disorder.
- Support local governments and nonprofits in implementing effective education and employment-focused re-entry programs in jails throughout Kentucky.
- Implement a statewide program that would provide state-issued identification to all people leaving incarceration in Kentucky, enabling them to better access housing, employment, healthcare, and mental health services that are necessary for successful re-entry.
- Revise current unsheltered identification provisions for efficiency and access for individuals including increasing the length of the document validity, allowing the Cabinet to bill service providers for the cost, and standardizing verification by using a form.
- Continue improving Kentucky's expungement system by reducing wait periods, streamlining procedures, lowering costs, and making more records eligible for automatic expungement.
- Ensure that any individual who encounters the criminal justice system and needs substance use disorder treatment or mental health services has ample access to treatment opportunities and providers.
- Pursue policies to support successful re-entry and encourage second-chance employment practices and education opportunities.
- Monitor and assess current and future legislative measures that may have a disproportionate impact on communities of color, including criminal statutes and proceedings.
- Narrow Kentucky's persistent felony offender laws, which in their current forms can lead to increased mandatory sentencing for lower-level felony offenses and have been found to disproportionately affect minority populations while contributing to overcrowding in jail and prison populations.





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, post-secondary institutions and students must be supported. Kentucky's college enrollment rate has trended downward for the last several years, falling to 50.5% in 2019, significantly lower than the national college going rate of 66.2%. This gap leaves Greater Louisville in a disadvantage behind its peer markets as we work to compete and grow the talent and workforce the region needs today and in the future.

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. A highly educated and skilled workforce drives the economic engine of the Commonwealth. 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. Health care outcomes are enhanced by increasing the pipeline of nurses, physicians, and other health care providers, which attracts employers and employees to the state and region. To increase student access and success, the state should provide consistent support for dual credit and early college programs.

GLI also encourages the General Assembly to provide funding for world-class research facilities in Engineering, Robotics, Automation, and Advanced Manufacturing to drive university-industry engagement in the region's key technology areas.

Full-day Kindergarten

GLI applauds the General Assembly for their support in funding full-day kindergarten in all school districts across Kentucky during the most recent biennial budget. We encourage lawmakers to provide the necessary long-term funding for full-day kindergarten, which allows local school districts to reallocate resources to address other educational needs in their communities.

K-12 Public Education

GLI commends the General Assembly for its increase in investment in public education in the state budget through record funding of the per student allocation through the SEEK formula. Lawmakers must also continue to support the important work of Learning and Results Programs, which provide critical assistance to students and families in overcoming barriers to education.

As school districts struggle with staff shortages, GLI encourages lawmakers to fund teacher recruitment and retention programs. Such programs should be sufficiently flexible to respond to the unique needs of urban, suburban, and rural school districts. Lawmakers should build on past legislation offering incentive pay for teachers by empowering districts to take such factors as performance, subject matter, and community resource needs into account when determining teacher compensation and incentives, in addition to more traditional factors such as experience and academic credentials. Along with a competitive and dynamic compensation structure, including through regular increases in SEEK funding, the state should provide the necessary funding and assist local school districts in providing educators with high impact administrator leadership and teacher professional development opportunities that increase their effectiveness in the classroom and lead to better student outcomes.

GLI encourages lawmakers to extend temporary provisions enacted during the 2021 Special Session that allow retired teachers to return to the classroom without compromising their pensions. The extension of these provisions will provide relief with teacher workforce shortages that many school districts are currently facing. Additionally, providing funding assistance for classified staff including school nurses, bus drivers, nutrition workers, and many more roles, is essential for the efficient operation of schools and to fully support students for academic success.

Kentucky's Substance Use Disorder Crisis

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

Maintaining a Diverse and Inclusive Workforce

To further support talent attraction and retention in Kentucky and Greater Louisville, lawmakers should ensure state policies and relevant public agencies fully support immigrants and refugees who relocate to the Commonwealth from abroad. Lawmakers must adamantly oppose any legislative or regulatory action that could be perceived as discriminatory or unwelcoming and instead embrace policies that foster diversity, inclusion, and equity.

Legislation to limit discussion on race in public school curricula poses a threat to the progress that the Greater Louisville region has made in advancing racial equity and attracting and retaining a diverse workforce. GLI opposes legislation that restricts or limits a local school district's ability to control its own curriculum and that jeopardizes work to promote inclusion and attract talent and businesses to our region.

Second Chance Hiring

The General Assembly should act to encourage individuals who have encountered the criminal justice system to pursue careers that require occupational licenses by mandating pre-application determinations for those licenses. This would allow jobseekers to know whether their criminal history is disqualifying before investing in the training and education required for the license. Occupational licensing reform and similar initiatives can increase workforce participation among this population and decrease recidivism.

Stabilize Kentucky's Child Care Sector

High-quality, accessible, and affordable child care and early childhood education is critical to workforce participation, building a more inclusive economy, and putting children on a pathway to future success. While access and availability were issues prior to the pandemic, the impact has thrown the child care sector into a state of crisis, creating barriers to work for parents and caretakers and depriving children of learning opportunities at a pivotal time in their development. In 2023, Kentucky must fully leverage available state and federal resources to stabilize the child care sector and make the necessary investments to ensure the sector's long-term success and stability. GLI supports significant expansion of high-quality, full-day, full-year child care and early childhood education services, using a mixed delivery model to improve access and increase options available to Kentucky families.

Staffing is the most immediate barrier for child care centers. Many centers around the state and in Greater Louisville have been forced to reduce capacity or close classrooms because of a lack of educators and support personnel. Investment to address dire staffing shortages must be prioritized along with resources to increase access to and efficiency in the Child Care Assistance Program for parents and providers, including increasing reimbursement rates and eligibility.

GLI recognizes that the business community has a role to play in overcoming child care challenges and applauds the General Assembly for their passage of the Employee Child Care Assistance Program, a public-private partnership that encourages employers to offer child care assistance to their employees while providing matching contributions with state funds. This pilot program is a significant step forward in addressing Kentucky's child care crisis. However, we encourage lawmakers to continue progress on all aspects of child care access – including availability, affordability, and quality – to ensure that working families have the resources needed to participate in the workforce.

Workforce Training & Preparation

Greater Louisville employers continue to face severe workforce challenges. Regional employers shoulder thousands of dollars in training and retraining costs and miss opportunities for new projects and growth due to unfilled positions and workforce capacity limitations. Equally as pressing, the rise of automation, artificial intelligence (AI), and other innovative technologies 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.

- Establish 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.
- Create and fund initiatives aimed at cultivating a competitive tech workforce, including trained AI data scientists to support sustained AI experimentation, development, and deployment along with advanced manufacturing industries in Kentucky.
- Continue to fund and support the Work Ready Kentucky Scholarship program, invest in efforts to expand awareness of the program, and improve efficiency and ease of use for applicants.
- Support the expansion of apprenticeships and adult education programs.
- Permanently provide funds for GED testing and obtaining career competency credits.



Energy & Environment

Affordable Energy

Access to energy resources at competitive rates is vital to attracting and retaining businesses and talent in Greater Louisville. Kentucky has long 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.

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 and consistently funding Cabinet personnel costs, the General Assembly can help to ease these processes and allow businesses to grow and operate more efficiently.

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 developers with brownfield remediation and redevelopment through assessment services and funding opportunities.

Compliance Flexibility during States of Emergency

GLI was supportive of guidance produced by EPA to give regulated industries increased compliance flexibility in response to the disruptions and safety concerns of the COVID-19 pandemic. GLI encouraged the Kentucky Energy and Environment Cabinet and the Louisville Metro Air Pollution Control District to promote similar guidelines for facilities that fall under their jurisdictions. In anticipation of future emergencies, the General Assembly should establish expectations that regulatory bodies in the Commonwealth allow for appropriate levels of regulatory compliance flexibility for impacted industries during states of emergency.



Electric Vehicles

Kentucky has seen significant investments in electric vehicle production announced recently. To support the increase in electric vehicles and ensure that Kentucky becomes a hub for this growing market sector, Kentucky must implement a visible, robust, and reliable fast-charging network across our state's roadways.

Environmental Audits

Lawmakers in Frankfort should support a regulatory framework which supports voluntary environmental compliance auditing. Currently, only companies regulated by the Kentucky Department for Environmental Protection can report and correct compliance issues they have discovered under the environmental audit privilege statute (KRS 224.1-040) and take advantage of penalty amnesty provisions for certain voluntarily disclosed violations. The environmental audit privilege should extend to entities regulated by the Louisville Metro Air Pollution Control District in Jefferson County so that these companies have equal incentives to voluntarily evaluate and address Clean Air Act compliance issues without the risk of significant penalties.



Health Care

A Healthier Kentucky

Kentucky has long suffered from poor health outcomes in comparison to the rest of the nation, which has resulted in reduced quality of life, placed strains on our health care systems and state budget, and harmed the competitiveness of our workforce. Particularly among communities of color, increased support, education, and resources should be considered. GLI strongly supports measures aimed at improving the health of Kentuckians and encourages policy efforts that eliminate health disparities and advance health equity in our region, including efforts aimed at reducing tobacco and nicotine usage. This includes removing smokers as a protected class, funding smoking cessation programs, and allowing for increased regulation of the use and marketing of tobacco and nicotine products.

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.

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. The COVID-19 pandemic has exacerbated the workforce crisis for health care providers, hospitals, and long-term care facilities across Kentucky. GLI appreciates the passage of Senate Bill 10 to address the chronic nursing workforce shortage in Kentucky, but more action is needed. In the upcoming session, lawmakers should continue to work with the healthcare partners to ensure adequate programs and resources are available to meet the demand for skilled nursing professional in the Commonwealth, including raises for nursing faculty to meet the increased demand for nursing students.

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. Modifications to Kentucky's Medicaid system should focus on effective state spending on health care, improve equitable health outcomes, provide a smooth transition to private coverage for Medicaid recipients leaving the system, and minimize burdens on providers, insurers, and employers. Reforms should serve to increase efficiencies within Kentucky's Medicaid system such as encouraging the use of generic drugs when appropriate. Further efforts should focus on reducing fraud, waste, and abuse; supporting underserved and rural communities; encouraging and rewarding workforce participation; and investing in local economies.

To allow for 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 requirements and guidelines of the Centers for Medicare and Medicaid Services.

Protect Employer Rights to Ensure Workplace Health & Safety

As Kentucky has learned from the recent pandemic, employers must be allowed to establish rules that protect the health and safety of their employees and workplaces. An employer's right to enforce vaccination mandates for their workforce or other means available to stop the virus must be preserved. Current laws in place allow employers to choose the standards that work for their individual businesses and those laws should be maintained. GLI discourages lawmakers from enacting potential penalties for employers mandating health and safety measures.

Protect Health Care Providers from Frivolous Lawsuits

GLI supports comprehensive reforms to Kentucky's legal liability climate, which studies have shown to be one of the top ten worst in the country.

For Greater Louisville to continue cultivating its status as a center for high-quality and innovative health care, state lawmakers must enact liability protections and reforms to curtail and contain frivolous lawsuits in the medical industry. 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—are needed. The current litigious climate has led to rising malpractice insurance costs that negatively affect healthcare affordability and accessibility for patients. Kentucky should establish itself as a leader in protecting health care professionals from frivolous lawsuits. This would improve patient care and help our region retain and attract health care professionals and businesses.





Transportation & Infrastructure

Invest in Mobility

In Greater Louisville, a robust public transportation system is key to delivering a qualified workforce to employers, getting students to class, and supporting strong economic development. Insufficient capital investment in public transportation at the state level has hindered the growth of public transportation and investment in capital projects, leaving fleets suffering from deferred maintenance. In order to best leverage federal funds that have increased under the Infrastructure and Investment Jobs Act (IIJA), state funds are needed to allow for local dollars to be accessed. GLI urges lawmakers to establish a dedicated and sustainable revenue source for public transportation that will adequately address the mobility needs of our region.

With increased federal funding available through the IIJA and grants through the Federal Railroad Administration, GLI encourages state and local officials to capitalize on this record level of investment to extend passenger rail service through Louisville. Rail service would create efficient and accessible connectivity between Louisville and peer markets, which is critical for continued economic and population growth.

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. Stormwater quality treatment techniques such as pervious pavement should also be included in these efforts. GLI opposes efforts to repeal Kentucky's statewide fluoridation standards for community water systems. Allowing local governments to regulate water fluoridation could create a county-by-county patchwork of rules, which would harm the ability of regional drinking water systems to provide quality services, support economic growth, and protect public health.

Modernize Infrastructure Funding & Road-Aid Allocation

As a critical coordination and manufacturing hub, Greater Louisville relies heavily on a reliable, high-quality network of bridges and roads to support economic development and growth. GLI continues to support increased investment in Kentucky's roads and highways and opposes efforts to divert road-fund dollars to pay for General Fund obligations. To maximize the impact of increased infrastructure investment, the General Assembly must also modernize the road-fund allocation formula that Kentucky has used to allocate gas tax revenues since 1948 to more accurately account for lane mileage, traffic counts, and population growth.

GLI also supports the establishment and funding of a multi-modal transportation fund by the General Assembly to more effectively and systematically invest in public transportation, aviation, ports, and freight.

Communications Infrastructure for the Future

Kentucky should ensure that regions like Greater Louisville are well-positioned for the future by supporting the development and modernization of telecommunications infrastructure. Beginning in 2021, significant federal government funding became available for broadband deployment through programs like the American Rescue Plan Act (ARPA) Coronavirus Capital Projects Fund and State & Local Fiscal Recovery Funds and soon more will come through the Broadband Deployment Equity, Access, and Deployment fund. The 2020 Kentucky Legislature funded the Kentucky Broadband Deployment Fund that is administered by the Kentucky Infrastructure Authority (KIA) with the \$300 million appropriation of ARPA funding. With the passage of House Bill 315 in 2022, the Kentucky General Assembly created further guidance for fund distribution and established the new Office of Broadband Deployment within KIA. GLI supports continued funding for broadband deployment grants for wired and wireless networks and opposes measures that threaten to impede or hamper investment in digital infrastructure.

To further encourage investment in telecommunications infrastructure, 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. Regulations must support, not impede, the development of these critical infrastructure assets by technology and communication providers.

In urban areas, where broadband infrastructure has been deployed by numerous wireline and wireless providers, state and local governments should seek to utilize this existing infrastructure by partnering with and supporting private providers, rather than build duplicative, taxpayer-funded networks. Additionally, GLI is supportive of state and local conversations regarding access to utility poles to ensure rules and regulations are agreeable to all invested parties and contribute to the successful expansion of broadband into rural areas.

Kentucky still does not offer any form of incentive for purchase of broadband equipment such as a sales tax exemption or reimbursement while all of Kentucky's surrounding states have some form of incentive. GLI seeks to put Kentucky on an even footing with our surrounding states in terms of these incentives that will encourage further deployment of broadband.



GLI Advocacy

GLI relies on hundreds of volunteers from the greater Louisville business community to develop legislative priorities and set positions on key public policy issues that affect economic growth and workforce development. With the support of GLI's Board of Directors, GLI's Public Policy Council leads GLI's public policy efforts with the assistance of six Issue Advisory Committees. The dedicated volunteers that lead the Public Policy Council and GLI's Issue Advisory Committees and the hundreds of members who give their time are the key to GLI's success in advocating for the business community's priorities.

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