

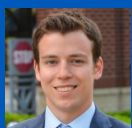
LEGISLATIVE OUTCOMES: Obstacles & Opportunities for Business in 2016

GREATER LOUISVILLE INC. IS THE “VOICE OF BUSINESS” IN THE 15-COUNTY BI-STATE REGION

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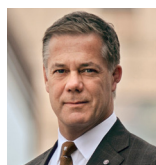


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WE'RE IN BUSINESS!



Kent Oyler
President & CEO

The 2016 General Assembly saw much progress for the business community in the Greater Louisville region. Several of our top priorities made it to the Governor's desk for signature.

We were particularly happy to see Public Private Partnerships (P3s) finally gain approval in Frankfort, along with Expungement Reform, Distillery Modernization, Principal Selection, and changes to Pharmacy law, which will create 150 new jobs in Louisville in the coming years. Beyond these big wins, however, there were some sobering missed opportunities for the business community in 2016, including inaction on LIFT, comprehensive tax reform, and Right to Work.

We were also pleased to see a significant step forward in the funding of the Kentucky Retirement System. The 2017-2018 biennial budget commits a billion dollars to shoring up the system, which will ensure Kentucky's credit and bond rating remain stable.

GLI has also changed our own status quo. In 2016, we established a presence in Indianapolis. GLI fielded a registered lobbyist dedicated to regional issues. Leaders from GLI's Bi-State Issues Committee traveled to Indianapolis to advocate for tax reform, education, and economic development issues. GLI staff testified alongside representatives



Sarah Davasher-Wisdom joins Gov. Matt Bevin at bill signing ceremony for HB 527.

from 1si in support of an Interstate Groundwater Authority. Venturing from Corydon to Clarksville, GLI staff began developing the relationships with elected officials to better serve the 20% of GLI members with headquarters or operations in Southern Indiana.

GLI was proud to lead publically on all these matters and many more. Pushing for initiatives that make our region more business friendly is a central part of GLI's mission. Once again this year, our members showed up and spoke out. They advocated for our legislative priorities along with our staff. We continue to compound our lobbying efforts with a robust grassroots advocacy campaign and served as a civic connector, bringing dozens of business leaders to Frankfort to engage in the debate.

While we celebrate our successes in 2016, we never stop looking forward. Our next stop is in Washington, where we will continue to be the voice of the Greater Louisville business community on the national stage. Progress is made when we move forward together. I encourage all members to get involved and be at the table in advocating for the economic growth of our home.

IN 2016, GREATER LOUISVILLE IS IN BUSINESS

Note: All bills are presented in alphabetical order based on their subject matter.

WINS FOR BUSINESS

KENTUCKY ECONOMIC DEVELOPMENT PARTNERSHIP

House Bill 216 (Rep. Denham) adds the Chairperson of the Commission on Small Business Advocacy, and a representative from the National Federation of Independent Business/ Kentucky to the Kentucky Economic Development Partnership. Small businesses employ 47.8% of the private workforce; therefore it is critical that they are represented on the Kentucky Economic Development Partnership.

ONLINE EDUCATIONAL RECIPROCITY

Senate Bill 140 (Sen. Wise) will authorize the Council on Postsecondary Education to enter into Authorization Reciprocity Agreements with postsecondary institutions located in other states to provide distance or online education to Kentucky residents. This will allow for easier, more affordable, specialized education for Kentucky residents.

PENSIONS

House Bill 271 (Rep. J. Miller) was signed by Gov. Bevin and will require benefit information such as retirement status, actual or projected benefits, to be disclosed by the retirement systems to the Public Pension

Oversight Board annually. This bill is critical for future recommendations regarding changes to the retirement system for future hires so the systems remain funded.

"GLI provides a unified, trusted voice for Louisville's signature industries in Frankfort. They effectively fight for what is good for our regional business climate and they produce results!"

—Eveyln Strange, Advanced Electrical Systems, Inc.

RADON MITIGATION

House Bill 272 (Rep. Thompson) exempts residential building contractors installing vent pipes from radon mitigation certification requirements. This piece of legislation eases needless regulations on Kentucky contractors, making them more competitive and more efficient.

VACANT & ABANDONED PROPERTIES

Senate Bill 230 (Sens. McGarvey, Adams, and Seum) allows consolidated local governments to withhold certain tax bills on specific properties and defined priority areas targeted for revitalization. This piece of legislation will reduce the cost of condemnation on abandoned properties, facilitating neighborhood revitalization. As of June 2015, it was

estimated that 5,867 buildings were vacant and blighted in Jefferson County. 69% of those buildings were located in Metro Council Districts 1, 2, 4, 5, and 6.

WORKERS COMPENSATION

HCR 185 (Reps. Nelson and Koenig) establishes a Kentucky Workers' Compensation Task force to study the workers' compensation system and develop consensus recommendations. It will also set forth the membership of the task force and require its final report to be submitted to the LRC by December of this year.

DEFEATED

CONSTRUCTION MATERIALS

House Bill 227 (Rep. Donohue) proposed to establish a policy in Kentucky to require a preference for iron, steel and other construction materials to be produced in Kentucky and the United States regardless of cost. GLI lobbied to defeat this bill that would have unnecessarily increased the cost of construction for development and infrastructure projects.

PUBLIC-PRIVATE PARTNERSHIPS WILL HELP KENTUCKY COOPERATE AND GROW

After several years of refining Public-Private Partnership (P3) legislation, **House Bill 309** (Rep. Combs) received final passage. The new law creates an explicit framework for the use of P3s as an alternative method of financing the construction of transportation infrastructure and state and local government capital projects. The final legislation includes provisions that would ban tolls for any project connecting Kentucky with Ohio, and would require legislative approval therefore.

At a time of fiscal tightening in the state budget to shore up pension obligations, Kentucky is seeing shortfalls in available capital for critical economic development projects. P3s will enable Kentucky to stretch its existing revenues while continuing to invest in roads, bridges, and big-picture projects. P3s have typically led to 20-50% savings on projects in other states. Indiana financed the East End Bridge in the Ohio River Bridges Project using a P3, spending millions less than Kentucky. Kentucky financed the Downtown Bridge through bonding.

WHAT DOES THIS MEAN FOR GREATER LOUISVILLE?

With HB 309's passage, Kentucky joins the 39 other states that have P3 legislation. Projects that can help catapult Greater Louisville's economic development can be achieved sooner and cheaper through cooperation between government and private industry. Whether it is a soccer stadium, revitalization of historic commercial corridors, or the next big transportation project, Public-Private Partnerships are a critical tool for economic development.

MAIL ORDER PHARMACIES TO BRING JOBS & ECONOMIC DEVELOPMENT TO KENTUCKY

After more than a decade of missed opportunities to attract mail order pharmacy operations to the Commonwealth, GLI led the charge for a legislative fix that was passed in the final day of the 2016 session. **House Bill 527** (Rep. Burch) will enable all types of pharmacies – retail, mail, specialty, and institutional – to more efficiently perform administrative tasks while maintaining high patient safety standards and reducing costs for pharmacy hub operations.

WHAT DOES THIS MEAN FOR GREATER LOUISVILLE?

This change in pharmacy law will make Kentucky a more attractive destination for pharmacies looking to relocate their operations to take advantage of the state's world class logistics, affordable cost of living, and high-quality workforce. This will enable easy access to Louisville's UPS WorldPort facility, where out-of-state pharmaceuticals already pass every day, and bring hundreds of new jobs to the Commonwealth in the first year. Onco 360, a PharMerica subsidiary, and RXCrossroads, a CVS subsidiary, are already planning to launch a distribution hub each in Jefferson County that will create more than 550 jobs.



Sen. Julie Raque Adams and House Bill 527 sponsor, Rep. Tom Burch



SB 11 sponsor, Sen. John Schickel, with Sen. Stan Humphries

"An outdated pharmacy law prevented us from creating a pharmacy hub that would create 150 jobs, so we contacted GLI. GLI connected us with the lawmakers and thought leaders in Frankfort to make a change. GLI's strong, bi-partisan voice helped us to build consensus among the right stakeholders, which ultimately led to passage of the bill."

– Thomas A. Caneris, PharMerica

JCPS SUPERINTENDENT EARNS THE RIGHT TO SELECT SCHOOL LEADERSHIP

House Bill 184 (Rep. Donohue) gives the Superintendent of Jefferson County Public Schools (JCPS) a critically important tool to place experienced principals in struggling schools in order to lead a school turnaround. It permits the Superintendent to bring forward the name of an experienced principal to a Site-Based Decision Making (SBDM) Council in closed session, but requires SBDM Council Members to keep the candidate's name and the discussion confidential.

WHAT'S THE BIG WIN?

Louisville Metro has many positive attributes, but public schools have consistently been a concern for top talent looking to relocate. In Jefferson County, JCPS' Superintendent is accountable for the performance of all 155 schools in the District – but lacked authority (in all but the worst-performing

schools) to name leaders who, more than any other, enable teachers to do their best work and students to learn. To succeed, JCPS' Superintendent must build a pipeline of experienced principals with various leadership styles, suited to the wide-ranging needs of JCPS' diverse schools, and place them where they can be most effective. This legislation is a big step forward on that matter, which will lead to better outcomes for the students.

Students who go on to earn their associates degree earn 27% more than high school graduates, and students who earn their bachelor's degree earn 52% more than high school graduates. This increase in income reduces strain on the state and leads to a lower rate of incarceration.

LEGISLATURE UNSHACKLES KENTUCKY'S SIGNATURE DISTILLING INDUSTRY

Senate Bill 11 (Sen. Schickel) is an omnibus alcohol bill that will permit distillers to sell alcohol by the drink to patrons at their distilleries, just as Kentucky's wineries and breweries do today. Permitting by-the-drink sales in distilleries greatly benefits the rapidly-expanding *Kentucky Bourbon Trail*, *Urban Bourbon Trail*, and will bring an additional source of income to Louisville's growing number of small distillery start-ups. The bill also increases the bottle sales cap at distilleries from 3 liters to 4.5 and permits by-the-drink consumption of alcohol while riding a commercial "quadricycle," also known as the Thirsty Pedaler.

WHAT'S THE BIG WIN?

This regulatory overhaul will allow distilleries to offer many of the same benefits and services to visitors that are available in Napa Valley wine country. The *Kentucky Bourbon Trail* saw almost 900,000 visits in 2015 and 85% of those guests were from out of state. Each guest spent an average of \$1,000 on their trip. These guests stay longer and visit in larger groups than typical tourists. Allowing each of these consumers to increase the number of souvenir bottles purchased by nearly 30% and purchasing cocktails on premise carries the potential for even further growth. With no end in sight to bourbon's popularity, Kentucky can expect a significant increase in tourism-driven economic development throughout the Commonwealth.

CLASS D FELONY EXPUNGEMENT EXPANDS THE WORKFORCE & TAX ROLLS

After more than a decade of efforts by civil rights and religious advocates, Class D felony expungement reform has come to the Commonwealth. GLI led the charge on business support for this issue in 2015, becoming the first chamber in the Commonwealth to publicly support reform. In 2016, many other chambers and business groups followed suit. With leadership from Governor Bevin and leading lawmakers in both the House and the Senate, **House Bill 40** (Rep. Owens) was ultimately passed and signed by the governor.

The final legislation included many provisions from Senate Bill 298 (President Stivers), which will vacate the conviction and limit eligible offenses to 61 non-violent, non-sexual crimes. The bill excludes crimes against women, children, and the elderly. It also established a 5-year waiting period and strictly limits expungement to those who have only been convicted of a single felony.

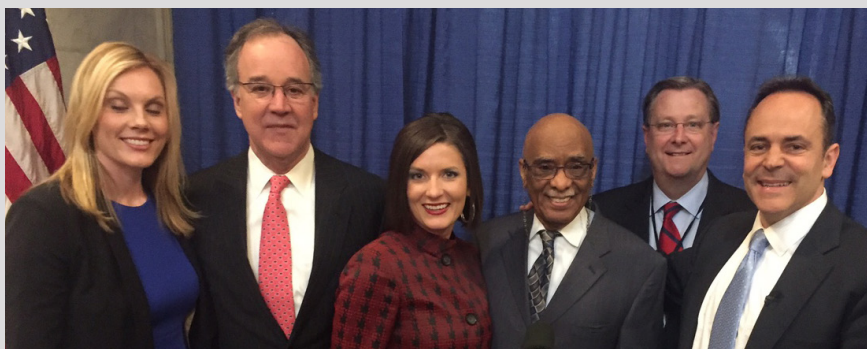
The bill's final language also includes strong legal protections for employers.

WHAT DOES THIS MEAN FOR GREATER LOUISVILLE?

For too long, a Class D felony conviction has been an economic life sentence in Kentucky. 90,000 Kentuckians have a Class D felony conviction on their record and 70% of those Kentuckians would be eligible for expungement under the new law. Each applicant for expungement will have to pay a \$500 filing fee to be split equally between the General Fund and the county clerk that processes the application. Job seekers in Kentucky that have criminal backgrounds will now have access to good paying jobs, which will relieve strain on social programs, reduce recidivism, and enable Kentuckians to take care of themselves and their families, while protecting employers. That means a larger workforce and tax base in the region.

"When faced with the workforce shortages that businesses like mine are seeing, GLI was quick to begin pursuing the facts on Class D felony expungement reform. This is an important piece of legislation that could help employers like me find qualified employees to fill vacant positions and allow tens of thousands of Kentuckians to better support themselves and their families. I appreciate GLI's forward thinking and its commitment in helping met the needs of local businesses. Thanks for the effort."

– Joe Lee Phillips, American Ready Mix



Sarah Davasher-Wisdom joins Gov. Matt Bevin at bill signing ceremony for HB 40.

TAKING CARE OF BUSINESS

Each year, hundreds of bills are filed in the Kentucky legislature, which stand to impact the bottom line of businesses from the tens to the millions of dollars. GLI advocates in Frankfort to ensure that policies with high costs to business are defeated while policies that will stimulate economic growth succeed. We call that money saved and money earned.

LEGISLATION	COST SAVINGS*
TAX INCREASES – House Bill 342 would have implemented many anti-business measures in the 10-county Greater Louisville region. These include an expansion of the sales tax to services (\$15 million), an increase in the Limited Liability Entity Tax (\$4 million), adding a combined reporting requirement (\$6.5 million), banning income attributed to international operations (3+ million), a new rule to tax income not taxed in other states (\$4 million) and elimination of the Domestic Production Activities Deduction (\$1.5 million)	\$34 million
SICK LEAVE MANDATE – House Bill 617 would have mandated that employers provide sick leave to all employees in the amount of one hour for every 30 hours worked.	\$65.6 million
MATERNITY LEAVE MANDATE – House Bill 627 would have required employers with 50 or more employees to provide paid maternity leave for six weeks to employees that have been employed longer than one year.	\$8 million
ACADEMIC STANDARDS UPHELD – Multiple bills were filed this session that would have eliminated Kentucky's nationally recognized, internationally-benchmarked education standards. The cost of replacing these standards is estimated at \$35 million. (40% of the revenues come from businesses and roughly 25% of that is coming from the Greater Louisville region)	\$3.5 million
TOTAL SAVINGS IN GREATER LOUISVILLE	\$112.1 MILLION

LEGISLATION	ECONOMIC IMPACT*
PHARMACY REFORM – House Bill 527 , sponsored by Reps. Burch and Miller, was a GLI-led legislative victory that paves the way for a mail-order pharmacy revolution in Kentucky. The immediate impact will be more than 550 jobs but the economic impact will be more than twice that, according to the Economic Development Cabinet.	\$120 million +
FELONY EXPUNGEMENT REFORM – House Bill 40 , sponsored by Rep. Owens, will save the Greater Louisville region an average of \$38,000 in lost productivity for each Class D felon currently excluded from the workforce. The passage of HB 40 expungement reform will create a path for 75,000 Kentuckians to return to productive work, more than 19,000 of which are estimated to live in the Greater Louisville region.	\$725 million +
TOTAL IMPACT ON GREATER LOUISVILLE	\$845 MILLION +

*All figures are estimates based on available data and reflect the impact on the ten Kentucky counties in the Greater Louisville region (Jefferson, Oldham, Trimble, Henry, Shelby, Spencer, Nelson, Hardin, Bullitt, and Meade).

POISED FOR REGIONAL WINS IN INDIANA

2016 was a relationship-building year for GLI in Indianapolis. GLI fielded a registered lobbyist during the legislative session for the first time. Also for the first time, GLI staff testified before Indiana House Committee alongside a representative from One Southern Indiana. GLI staff and members met with each member of the Southern Indiana delegation and, in coordination with partners on the North side of the river, have begun to educate lawmakers on the huge potential that regional cooperation, economic development, and lawmaking hold for the 15 counties. After a successful first year, GLI is well-poised for regional success in Indiana.

WINS FOR REGIONAL BUSINESS

ROAD FUNDING

House Bill 1001 (Rep. Soliday) sets forth a compromise between lawmakers and the governor that will provide about \$800 million in new road spending over two years. The plan is

shorter and provides less money than previous proposals, but there are no state tax increases. The majority of funds will go to local governments and will allow repairs for infrastructure in Southern Indiana.

SALES TAX ON SERVICES WITHDRAWN

A tax proposal by Rep. Brown would have applied Indiana's retail sales tax to service transactions. The bill was intended to shift Indiana's tax structure toward an increased basis on consumption, an approach that GLI embraces. However, there were several concerns with the proposal, as a sales tax on services is an undertaking with serious economic impact to businesses and business services. With these issues not having been adequately addressed and this proposal having the effect of further distancing Indiana's tax structure from Kentucky's, GLI was glad to see it withdrawn. GLI continues to advocate for a more competitive and



Joe Geoghegan testifies before Indiana House Committee.



Joe Geoghegan (GLI) and Wendy Dant Chesser (1si) with business leaders for Southern Indiana Day at the Statehouse.

more streamlined tax structure across the bi-state region.

A BITTERSWEET WIN FOR THE REGIONAL CITIES INITIATIVE

House Bill 1001 (Rep. Soliday) also includes a provision that provides an additional \$42 million for the Regional Cities Initiative economic development grant program, which would allow the state to fund proposals in Fort Wayne, Evansville and South Bend. Unfortunately, Southern Indiana was unable to establish a Regional Development Authority in time to submit a plan and must wait for the next biennium if the region chooses to reapply. GLI continues support for the Regional Cities Initiative, which it believes will offer critical economic development opportunities to Southern Indiana.

MISSED OPPORTUNITIES

TRANSBORDER GROUNDWATER AUTHORITY

House Bill 1137 (Rep. Stemler) would have established a transborder groundwater authority to study the groundwater resources shared by Kentucky and Indiana and to explore the benefits of entering into an interstate compact to ensure the fair and effective utilization of these resources. Though this legislation failed to come out of committee this year, GLI will continue support with regional partners to promote this important study in future sessions.

MISSED OPPORTUNITIES

JUSTICE REFORM

House Bill 412 (Rep. Yonts) would have created a new category of misdemeanor as well as implemented additional reforms that would streamline the redemption process for non-violent felons. Reforms included presumptive parole for offenders who have served a portion of their sentence. This aspect alone will save the Commonwealth approximately \$19.9 million annually. *(Never heard in Senate committee)*

LAND BANK AUTHORITY

Senate Bill 229 (Sens. McGarvey, Adams, and Harper Angel) would provide a method to force a change in ownership for truly abandoned properties in order to revitalize a neighborhood. Currently, it would be too cost-prohibitive to acquire in the private market. SB 229 would discourage speculation at foreclosure auctions and provide an advantage to land banks to acquire a title to blighted properties in order to spur redevelopment. Currently, the Louisville-Jefferson County Landbank controls 432 vacant lots and 32 structures. *(Never heard in Senate committee)*

MEDICAL REVIEW PANELS

Senate Bill 6 (Sen. Alvarado) would have created a system of medical review panels to address the escalating legal costs directly attributable to Kentucky's litigious medical liability climate. *(After initially passing the Senate Health & Welfare committee, it was recommitted*

to committee due to the filing of several adverse floor amendments)

Greater Louisville's position as a leader in health and aging care is increasingly jeopardized by the uncontrolled medical liability climate in the Commonwealth. The passage of medical liability reform is critical to ensuring that our region continues to attract top talent and investment in these fields.

PENSIONS

Senate Bill 2 (Sen. Bowen) would have made Kentucky's pension systems more transparent and accountable. SB2 would have required Senate confirmation of appointees to the KRS Board and the KRS Executive Director. It would also require the system to disclose all fees and contracts pertaining to the funds it manages. *(Passed Senate, died on House Floor)*

Senate Bill 45 (Sen. McDaniel) would have required disclosure of information related to pensions of current and former members of the legislature and would have made them subject to Kentucky's open records laws. *(Passed Senate, died on House Floor)*

House Bill 1 (Speaker Stumbo) aimed at addressing the pension crisis, originally called for issuing \$3.3 billion in bonds to shore up the Kentucky Teachers' Retirement System. It was amended to require full payment of the actuarially required contribution for KTRS, with additional contributions paid for by reducing debt service bonds previously

issued for the system. *(Passed House, died in Senate Appropriations & Revenue committee)*

PUBLIC BENEFIT CORPORATIONS

House Bill 50 (Reps. Flood, J. Miller, Riggs) would permit public benefit corporations. These corporations allow a company's board of directors to take "public benefit" into account, in addition to shareholder benefit, when making decisions regarding the company. Public Benefit Corporations would offer an economic development tool at no cost to Kentucky by legalizing a new market of social enterprises and social impact investors. No new tax benefits are created, and there would be no impact on current tax law. *(Passed the House, died in Senate Committee)*

RIGHT TO WORK

Senate Bill 3 (Pres. Stivers) would have given Kentucky workers the right to opt out of membership in the labor union at their place of employment. A study by the Wisconsin Policy Research Institute found that being a compulsory union state stunted economic growth and lowered the per capita annual income by \$1,683.

From an economic development perspective, Greater Louisville is often dismissed in the "first round" due to its location in a state without a Right to Work provision. Passage of Right to Work is critical to a robust economy and will allow for more labor law continuity in the bi-state region. *(Never heard in Senate committee)*

IN 2016, THE LEGISLATURE AGAIN MISSES THE CHANCE TO LIFT KENTUCKY

After years of bipartisan support, there was again no Senate action on Local Investments for Transformation (LIFT) legislation, resulting in an inability to put LIFT on the ballot this year. **House Bill 2** (Speaker Stumbo), the LIFT initiative, and **House Bill 374** (Rep. Thompson), the enabling legislation, would give local communities the option to place an additional sales tax of up to one percent on the ballot for voter approval. LIFT has strong bipartisan support, with Governor Bevin saying Kentuckians deserved a vote on the issue.

For LIFT, the premise is simple. The Local Option lets local voters decide whether they want to pay for new projects by giving them the right to vote – up or down – on projects and their costs. If the voters approve, the project moves forward. Currently, 37 other states allow citizens to vote for or against new projects, paid for by a temporary local option sales tax. In Kentucky, this option isn't currently available. The local option sales tax would be capped at 1% and would be required to sunset after no more than 10 years.

WHAT IS GREATER LOUISVILLE MISSING OUT ON?

Failure to put LIFT on the ballot in 2016 means that Louisville loses out on millions of dollars for quality of place projects that could make Louisville a more attractive place to relocate for both businesses and talent. These investments would make it easier to live and work in the Metro area, benefitting all regional businesses by growing the economy. At a time when cities worldwide are fiercely competing for talent, the Greater Louisville region does not have the luxury to wait another two years. As business leaders know, there is no coasting in the global economy. We must either press ahead or risk falling behind.

ROAD AID MODERNIZATION

House Bill 69 (Rep. Simpson) would have reformulated the road fund revenue sharing to a formula of thirds based on population, road mileage, and land area. Local roads in metropolitan areas account for 39% of miles driven in Kentucky, yet only receive 16% of the state's road funds. The fact that more than a quarter of Louisville's roads are failing reflects this funding inequality. Reformulating the disbursement of road funds would update an outdated formula that is disproportionate to Kentucky's changing population landscape. *(Never heard in House committee)*

SMOKE FREE KENTUCKY

House Bill 351 (Rep. Westrom) would have prohibited smoking in certain public places, including restaurants, bars, and workplaces. Kentucky loses more than \$2.3 billion in economic productivity each year to smoking-related causes. While a smoking ban already exists in Louisville Metro, taxpayers, healthcare providers, and employers all pay the costs of smoking elsewhere in the Commonwealth. *(Never heard in House committee)*

House Bill 247 (Rep. Watkins) would have increased the cigarette tax. This would have been a positive step to save

taxpayer dollars by reducing health costs by \$1.5 billion, reducing lost productivity by \$2.1 billion, and increasing revenue to by more than \$240 million annually for the Commonwealth. *(Died in House committee)*

WORKERS COMPENSATION – SUBROGATION

House Bill 200 (Rep. Rowland) would clean up statutes related to workers compensation insurance subrogation in favor of employers. This would save employers money and make Kentucky more attractive for business. *(Never heard in House committee)*

WORKERS COMPENSATION – TEMPORARY TOTAL DISABILITY

House Bill 311 (Rep. Rowland) and Senate counterpart, **Senate Bill 151** (Sen. West), would allow payments of temporary total disability benefits (2/3 of the worker's average weekly wage) to be offset by wages paid to an employee by an employer for light duty or alternative duty work performed during a period of temporary total disability. *(SB 151 passed the Senate, but along with HB 311, was not heard in House committee)*

LEGISLATURE LEAVES REVENUES ON THE TABLE WITHOUT EXPANDED GAMING

Senate Bill 144 (Sen. McGarvey and Sen. Adams) was a constitutional amendment that would have offered Kentucky's voters a choice to legalize casino gaming. It dedicated 90% of the proceeds to Kentucky's public employee pensions for the first 10 years while allocating the remaining 10% to purses for Kentucky's signature horseracing industry. GLI took a leadership role in support of this measure. (The bill died in the Senate Veterans Committee)

WHAT IS GREATER LOUISVILLE MISSING OUT ON?

Every year the Commonwealth watches \$546 million in gaming revenue flow across state lines. Expanding gaming would potentially create 10,000 new jobs in the first year alone and more than a billion dollars in the first year of gross gaming revenue. The tax dollars derived from gaming would have been dedicated for a full decade to curbing Kentucky's unfunded pension liability. After that decade, it could improve our education system, build infrastructure that promotes economic growth, and ensures the long-term stability of the state budget. Kentucky has been left behind for too long, and our surrounding states continue to take advantage of our unwillingness to act.



Senate Bill 144 sponsor, Sen. Morgan McGarvey, at GLI-hosted press conference on expanded gaming.

THE BUDGET

SOME BIG WINS

The biennial budget is a \$21.5 billion document that outlines, better than any other document, the priorities of the Commonwealth for the next two years. The overarching message of this budget is clear: with more than \$1 billion allocated, Kentucky is going to take seriously its unfunded pension obligation. Beyond the pensions, there is a clear priority to rethink education and workforce development through Work Ready Scholarships, the Workforce Bond Pool, and performance funding for universities.

BIG WIN FOR PENSION FUNDING

The final budget shows a strong commitment to addressing Kentucky's unfunded pension liability. With well over \$1 billion allocated in the biennium, there are \$933 million dollars in FY17 and \$889 million dollars in FY18 allocated to Kentucky Retirement System (KRS) and Kentucky Teachers Retirement System (KTRS). This strong display of Kentucky's willingness to sacrifice in order to uphold financial commitments was a clear message to its creditors. GLI has advocated for seeking a long-term solution to Kentucky's pension liability while increasing revenue allocations to meet obligations. This budget takes a strong step on the latter.

FISCAL RESPONSIBILITY A PRIORITY

Beyond pension funding, this budget shows a strong commitment to fiscal

responsibility. New capital projects and tax loopholes are few. The governor vetoed several such bills, stating that they should only be included as part of tax reform. Likewise, the budget increased the reserves set aside in the state's Rainy Day Fund, another prudent measure that will improve the relationship between the Commonwealth and its creditors.

WORK READY KENTUCKY & DUAL CREDIT SCHOLARSHIPS TO LAUNCH IN 2017

The final budget includes a version of the House's priority "Work Ready" scholarships as well as Dual Credit Scholarships. To qualify, students would have to take at least 15 credit hours a semester and maintain a grade point average of at least 2.5. Work Ready Kentucky and the Dual Credit scholarship will receive \$30 million over the biennium, although the governor's veto of [House Bill 626](#) leaves details of how the programs will work to be determined. GLI has advocated for a consistent mechanism for funding dual-credit programs and is happy to see this development.

WORKFORCE BOND POOL HOLDS STRONG POTENTIAL FOR GREATER LOUISVILLE

After consistent advocacy by GLI for maintaining the \$100 million for a workforce bond pool in the budget, the Commonwealth will soon be able to co-invest with those local communities that are experiencing growth demand for high-skill jobs, including advanced manufacturing and information

technology jobs. It remains somewhat unclear how these programs will be implemented, as [House Bill 626](#) contained the enabling language.

SOME DISAPPOINTMENTS

While GLI applauds the passage of a structurally sound budget; there were some disappointments in funding allocations for economic development projects and incentives. Since the session has ended, House Speaker Greg Stumbo has filed a lawsuit calling some vetoes into question. This document is written with the assumption that all legislation signed or vetoed will remain valid.

FUNDING DROPPED FOR WATERFRONT DEVELOPMENT & BOTANICAL GARDENS

The budget passed by the legislature included \$420,000 in each fiscal year for projects to benefit Louisville Waterfront Park and \$225,000 in each fiscal year to develop the 23 acre Waterfront Botanical Gardens, which did not make it into the final budget. While GLI applauds fiscal responsibility, our members have vocalized that increased quality of place along the waterfront is critical to the region's development as a tourist destination.

EDUCATION A MIXED BAG

EARLY CHILDHOOD EDUCATION

The budget makes a particularly strong effort to strengthen Kentucky's pre-K programs. \$90 million per year is allocated to such programs, an increase from prior years. GLI applauds this strong step in expanding early childhood

development and continues to advocate for broader access to early education in the Commonwealth.

K-12 EDUCATION

GLI was very glad to see that K-12 education was spared the 4.5% cuts seen by most state agencies and that the budget maintains strong funding for the SEEK formula. Many working Kentuckians saw a win, as eligibility for the Child Care Assistance Program (CCAP) was raised to 160% of the current federal poverty level. GLI continues to advocate for a strong, rigorous primary and secondary education system as critical to our region's cradle-to-career pipeline.

COLLEGE AND UNIVERSITY FUNDING

In a strong compromise, most campuses receive just a 4.5% reduction in funding – one-half of the 9% originally proposed. That included \$278 million in state funding in FY17 and \$259 million in FY18 for the University of Louisville along with more than \$500 million in capital projects to boost the university's development. KCTCS will receive \$380 million and \$354 million in FY17 and FY18 respectively. The cuts amount to a total reduction of \$59.1 million over the biennium and represent an 18.2% decline in yearly funding since 2008, or \$197 million. GLI was glad to see the inclusion of performance-based funding that is paired with base funding; the budget includes an additional \$42.9 million in FY2018 that will be allocated based on campus performance.

A BOLD TWO-YEAR ROAD PLAN



Senate Transportation Chairman Ernie Harris



Senate Budget Chairman Chris McDaniel



House Budget Chairman Rick Rand

OVERVIEW

The state's biennial transportation plan is the funding allocated for road construction including new, repair, and maintenance projects. It is separate from the budget but, like the budget, it passed the final day of the session. This plan was particularly difficult due to a loss of nearly \$120 million each year of the biennium with the drop in gas taxes collected.

MORE PROJECTS, LESS FUNDS

Typically, the House and Senate leaders negotiate projects and different funds utilized (State, Federal, and Interstate) in each chamber's biennial plan and arrive at an agreed plan. This cycle, however, as time got short, they merged the two versions together into one. The final plan is normally over-programmed by 20% or so. By merging both the House and Senate version, this plan is over-programmed by 35% or more. As a result, the Transportation Cabinet has more discretion in which projects they decide to move forward, specifically projects that are entirely funded with state construction dollars.

ROAD PLAN HIGHLIGHTS

The total two-year plan is \$3.5 billion and Jefferson County projects represent \$244 million of the total. Some of the more notable projects that are funded with federal or state priority funds are:

BRIDGE IMPROVEMENTS

The plan includes \$22 million to clean and paint the George Rogers Clark Memorial Bridge and nearly \$8 million to replace or repair additional bridges around the county. Additional funds were allocated to rehabilitate historic bridges in the Olmsted Parks system and for a safety inspection of the I-64 Sherman Minton Bridge.

DIXIE HIGHWAY

In coordination with the \$16.9 million TIGER grant for improvements to Dixie Highway, the two-year road budget includes more than \$10 million for improvements to the corridor, including barrier walls and safety improvements.

INCREASING ARTERIAL CAPACITY

The two-year plan includes funds to widen several of Greater Louisville's main arteries. It allocates \$11 million to widen Blue Lick Road from I-265 to KY-61 and \$9 million to widen Greenwood Road from Green belt to Dixie Highway. There is an additional \$15 million to widen Hurstbourne Lane from Linn Station Road to Eden Avenue.

INTERSTATE UPGRADES

In the plan, \$21 million is provided to widen I-64 westbound to I-264 westbound to address merge lanes on I-264 and other traffic flow issues. On

I-71, \$5 million is allocated to provide a collector-distributor lane to facilitate ramp movements to I-265. Both modifications will significantly improve traffic flow in Northeastern and Southeastern portions of the county that are seeing explosive growth.

THE LOUISVILLE LOOP & BIKEPED CONNECTIVITY

The transportation budget includes more than \$650,000 for continued construction of the 100-mile Louisville Loop. There is also more than \$1 million outlined for additional bike and pedestrian improvements, including sidewalks, across Jefferson County.

TWO-WAY STREETS

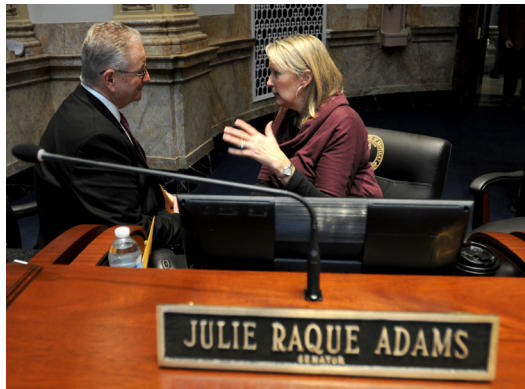
GLI has supported the modernization of streets in downtown and Old Louisville to transition from one-way to two-way. Two-way streets have proven to be safer, to more efficiently distribute traffic, and to drive economic development for businesses that reside on these thoroughfares. The transportation budget includes funds to transition many of these roadways over the biennium.

LEGISLATIVE VOTING RECORD (SENATE)

GLI Position			RADON MITIGATION (HB 272)	PUBLIC-PRIVATE PARTNERSHIPS (HB 309)	PHARMACY LAW CHANGES (HB 527)	EXPUNGEMENT (HB 40)	DISTILLERY MODERNIZATION (SB 11)	SCHOOL LEADERSHIP (HB 184)	VACANT & ABANDONED PROPERTIES (SB 230)	PENSIONS (SB 2)	PENSIONS (HB 271)	WORKERS COMP (SB 151)	WORKERS COMP (HCR 185)
HOUSE MEMBER	COUNTIES	%	PASS	PASS	PASS	PASS	PASS	PASS	PASS	PASS	PASS	PASS	PASS
Sen. Julie Raque Adams	Jefferson	100%	YES	YES	YES	YES	YES*	YES	YES*	YES	YES	YES	YES
Sen. Perry Clark	Jefferson	91%	YES	YES	YES	YES	YES*	YES	YES*	YES	YES	NO	YES
Sen. Carroll Gibson	Breckinridge, Grayson, Larue, Meade	82%	YES	YES	YES	YES	YES	YES	NV	YES	YES	NV	YES
Sen. Denise Harper Angel	Jefferson	91%	YES	YES	YES	YES	YES	YES	YES	YES	YES	NO	YES
Sen. Ernie Harris	Jefferson, Oldham	100%	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Sen. Jimmy Higdon	Jefferson, Marion, Nelson, Spencer	91%	YES	NO	YES	YES	YES	YES	YES	YES	YES	YES	YES
Sen. Paul Hornback	Jefferson, Carroll, Henry, Shelby, Trimble	82%	YES	NO	YES	YES	YES	YES	NV	YES*	YES	YES	YES
Sen. Morgan McGarvey	Jefferson	91%	YES	YES	YES	YES	YES*	YES	YES*	YES	YES	NO	YES
Sen. Gerald Neal	Jefferson	82%	YES	YES	YES	YES	NV	YES	YES	YES	YES	NO	YES
Sen. Dennis Parrett	Jefferson, Hardin	100%	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Sen. Dan "Malano" Seum	Jefferson, Bullitt	91%	YES	YES	YES	YES	YES*	YES	YES*	YES*	YES	NV	YES

Map of counties served by Greater Louisville Inc. - pg. 8.

+ Sponsor | *Co-Sponsor | - No Vote



Senate Majority Whip Jimmy Higdon and Sen. Julie Raque Adams



Sen. Morgan McGarvey and Sen. Ernie Harris.



Sen. Chris McDaniel and Rep. Jeff Donohue

DISCLAIMER: The votes in this record reveal how legislators voted on bills that GLI publicly supported or opposed during the 2015 General Assembly (a dash [-] indicates the legislator did not vote on the bill). The voting record includes bills or discharge petitions that received a full vote before the entire House and/or Senate. The contents of a bill may be drastically altered during the legislative process. Unless otherwise noted, the legislation referenced in the voting record is based on the final version of the bill receiving a vote. To view the contents of the bills highlighted in this document, please visit the Legislative Research Commission's website at lrc.ky.gov/legislation.

LEGISLATIVE VOTING RECORD (HOUSE)

GLI Position			LIFT (HB 2)	LIFT (HB 374)	RADON MITIGATION (HB 272)	PUBLIC-PRIVATE PARTNERSHIPS (HB 309)	PHARMACY LAW CHANGES (HB 527)	EXPUNGEMENT (HB 40)	DISTILLERY MODERNIZATION (SB 11)	SCHOOL LEADERSHIP (HB 184)	VACANT & ABANDONED PROPERTIES (SB 230)	PUBLIC BENEFIT CORPORATIONS (HB 50)	JUSTICE REFORM (HB 412)	PENSIONS (HB 271)	WORKERS COMP (HCR 165)
HOUSE MEMBER	COUNTIES	%	PASS	PASS	PASS	PASS	PASS	PASS	PASS	PASS	PASS	PASS	PASS	PASS	PASS
Rep. Linda Belcher	Bullitt	100%	YES*	YES	YES	YES	YES	YES*	YES	YES*	YES	YES	YES	YES	YES
Rep. Kevin Bratcher	Jefferson	56%	NV	NV	YES	YES	YES	NO	YES	YES	YES	NO	NV	YES	NO
Rep. Thomas Burch	Jefferson	100%	YES	YES	YES	YES	YES†	YES	YES	YES	YES	YES	YES	YES	YES
Rep. Denver Butler	Jefferson	100%	YES*	YES	YES	YES	YES	YES	YES	YES*	YES	YES	YES	YES	YES
Rep. Larry Clark	Jefferson	77%	NO	NO	YES	YES*	YES	YES*	YES	YES*	YES	YES	YES	YES	YES
Rep. Ron Crimm	Jefferson	100%	YES*	YES	YES	YES	YES	YES	YES	YES	YES	YES*	YES	YES	YES
Rep. Bob DeWeese	Jefferson	92%	YES*	YES	YES	YES	YES	YES	YES	YES	YES	NO	YES	YES	YES
Rep. Jeffrey Donohue	Jefferson	92%	YES*	YES	YES	YES*	YES	YES	YES	YES†	YES	NO	YES	YES	YES
Rep. Jim DuPlessis	Hardin	77%	NV	NO	YES	YES	YES	YES	YES	YES	YES	NO	YES	YES	YES
Rep. David Floyd	Nelson	69%	NV	NV	YES	YES	YES	YES	YES	YES	NV	NV	YES	YES	YES
Rep. Jeff Greer	Meade, Hardin	92%	YES	YES	YES	YES	YES	YES*	YES	YES	YES	NV	YES	YES	YES
Rep. Dennis Horlander	Jefferson	92%	YES	YES	YES	YES*	YES	YES	YES	YES*	YES	NV	YES	YES	YES
Rep. Joni L. Jenkins	Jefferson	100%	YES	YES	YES	YES	YES	YES	YES	YES*	YES	YES	YES	YES	YES
Rep. Mary Lou Marzian	Jefferson	85%	YES	YES	YES	YES	NV	NV*	YES	YES*	YES	YES	YES	YES	YES
Rep. Reginald Meeks	Jefferson	100%	YES	YES	YES	YES	YES	YES*	YES	YES*	YES	YES	YES	YES	YES
Rep. Charlie Miller	Jefferson	100%	YES*	YES	YES	YES	YES	YES	YES	YES*	YES	YES	YES	YES	YES
Rep. Jerry T. Miller	Jefferson, Oldham	85%	YES	NO	YES	YES	YES*	YES	YES	YES	YES	NO*	YES	YES	YES
Rep. Terry Mills	Green, Larue, Marion	100%	YES	YES	YES	YES	YES	YES*	YES	YES	YES	YES	YES	YES	YES
Rep. Phil Moffett	Jefferson	69%	NO	NO	YES	YES	YES	YES	YES	YES	YES	NO	NO	YES	YES
Rep. Brad Montell	Shelby	92%	YES	YES	YES	YES	YES	YES	YES	YES	YES	NO	YES	YES	YES
Rep. Tim Moore	Grayson, Hardin	69%	NO	NO	YES	YES	YES	YES	NO	YES	YES	NO	YES	YES	YES
Rep. David Osborne	Jefferson, Oldham	92%	YES	NO	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Rep. Darryl T. Owens	Jefferson	100%	YES	YES	YES	YES	YES	YES†	YES	YES*	YES	YES	YES	YES	YES
Rep. Rick Rand	Carroll, Henry, Trimble	100%	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES	YES
Rep. Steve Riggs	Jefferson	92%	YES*	YES	NV	YES	YES	YES	YES	YES*	YES	YES*	YES	YES	YES
Rep. Tom Riner	Jefferson	92%	YES*	YES	YES	YES	YES	YES*	NO	YES	YES	YES	YES	YES	YES
Rep. Bart Rowland	Hardin	77%	YES	YES	YES	YES	YES	YES	NO	YES	NO	YES	NO	YES	YES
Rep. Dean Schamore	Breckinridge, Hancock, Hardin	77%	NO	NO	YES	YES	YES	YES	NV	YES	YES	YES	YES	YES	YES
Rep. James Tipton	Bullitt, Spencer	85%	YES	YES	YES	YES	YES	YES	YES	YES	YES	NO	NO	YES	YES
Rep. Jim Wayne	Jefferson	77%	NO	NO	NV	NV	YES	YES	YES	YES	NV	YES	YES	YES	YES
Rep. Russell Webber	Bullitt, Hardin	62%	NV	NV	YES	YES	YES	NO	YES	YES	YES	NO	NO	YES	YES

+ Sponsor | *Co-Sponsor | - No Vote

PUBLIC POLICY LEADERSHIP

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

PUBLIC POLICY COUNCIL CHAIR:

Tierra Kavanaugh Wayne,
TKT & Associates

BI-STATE COMMITTEE CHAIR:

Doug York, Rodefer Moss

BUSINESS LEADERS FOR EDUCATION CHAIR:

Roger Cude, Humana

BUSINESS COMPETITIVENESS COMMITTEE CHAIRS:

Jim Dahlem, Dahlem Company
Tom Lubner, Wyatt Tarrant & Combs, LLP

ENVIRONMENT & ENERGY COMMITTEE CHAIR:

Tim Hagerty, Frost Brown Todd

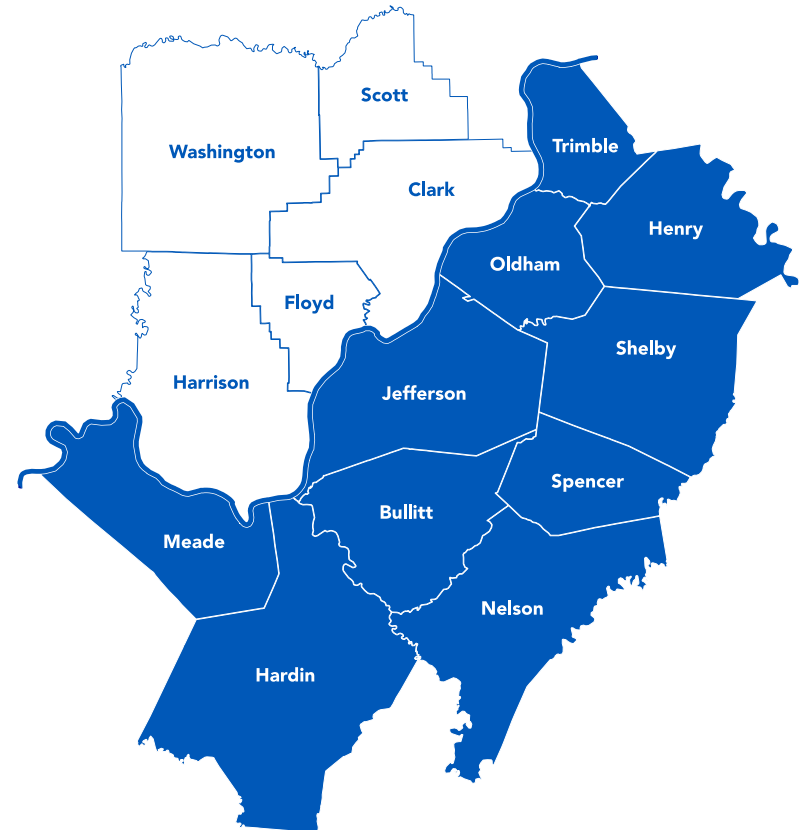
HEALTH CARE COMMITTEE CHAIR:

Gwen Cooper, Seven Counties Services

TRANSPORTATION & INFRASTRUCTURE COMMITTEE CHAIR:

Chris Dickinson, AMEC

GLI REPRESENTS A 15-COUNTY BI-STATE REGION



OUR STRATEGY

In our work to help transform the 15-county/2-state region we call home, GLI is incorporating the aspirations and inspiration of small businesses as well as large companies. We're considering the needs of those opening their doors last year just as much as businesses operating over a century. Our efforts must nurture homegrown businesses while accommodating companies that relocate to our region. We commit to working toward a supportive business environment for traditional companies such as manufacturers and logistics experts and healthcare professionals right alongside those in the high-tech, digital and creative and entrepreneurial marketplaces.


VISION

A Greater Louisville Region with an exceptional economy where businesses succeed and people thrive.

MISSION

To accelerate economic growth, job creation and business competitiveness in the Greater Louisville Region.

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