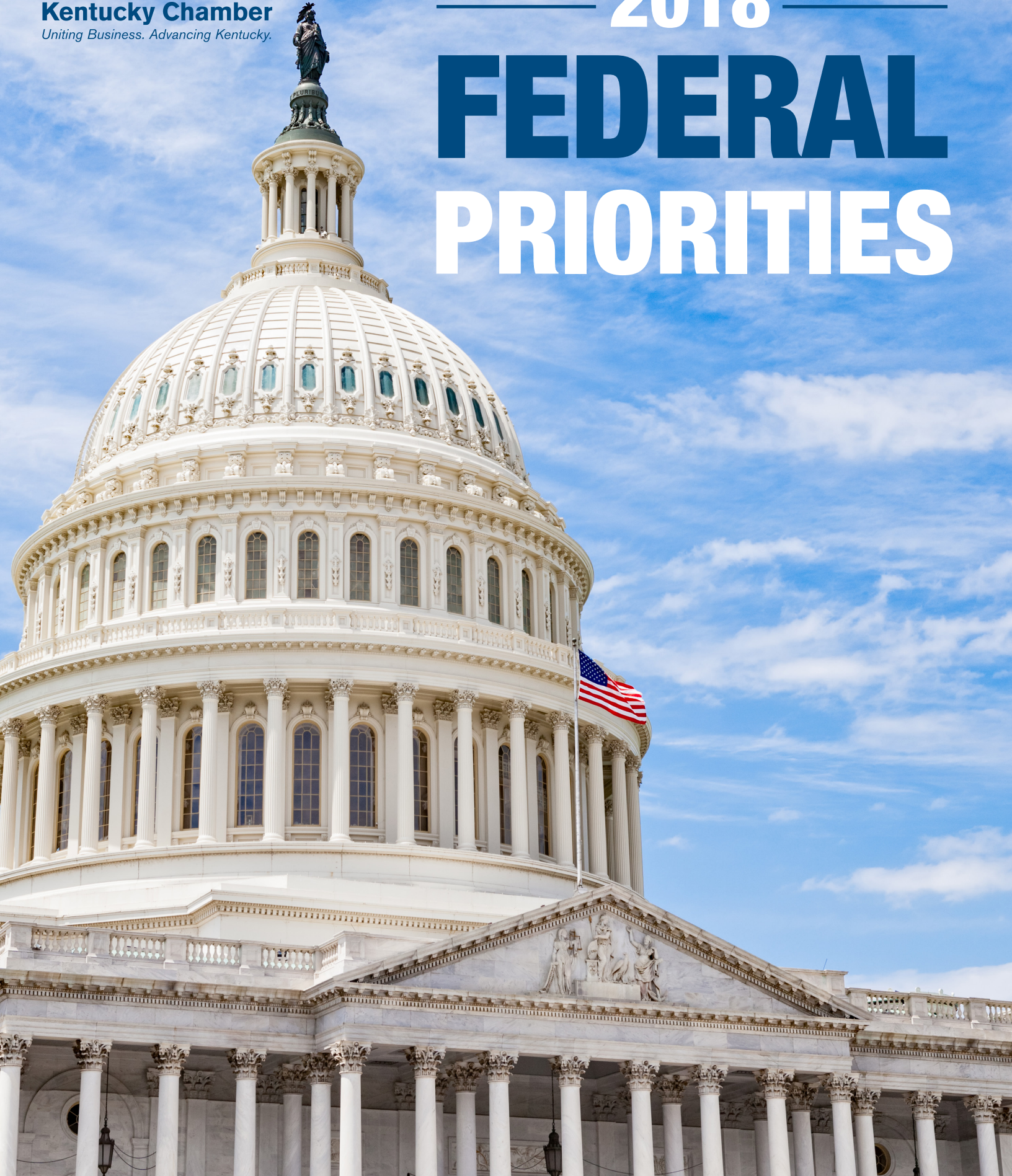




Kentucky Chamber
Uniting Business. Advancing Kentucky.

2018 **FEDERAL** **PRIORITIES**



The Kentucky Chamber not only advocates on behalf of business at the state level, but also in the nation's capital where congressional and executive-branch decisions have a direct impact on you and your business.

Free enterprise creates jobs, opportunity and a successful business climate.

The Kentucky Chamber advocates for federal policies that will result in economic growth, fewer government regulations and encourage policymakers to expand – not limit – job growth and economic opportunity through the decisions they make.

TAX & ENTITLEMENT REFORM

The Chamber urges Congress to address the serious fiscal challenges that continue to exacerbate the annual budget deficit and growing national debt.

Since passing the “Tax Cut and Jobs Act” in December 2017, the first major federal tax reform in 30 years, the U.S. is expected to rise in ranking from 30th to 25th on the International Tax Competitiveness Index, according to the Tax Foundation. The U.S. tax code improvements make the U.S. and Kentucky a more competitive and better place to do business.

The Chamber will continue to fight for a streamlined tax system allowing taxpayers to make smarter decisions about how they work, save, and invest, and unleashing the power of American businesses—large and small—to create jobs.

Along with additional tax reforms that will grow the economy and revenue, responsible reforms to America's entitlement programs (many of which are presently unsustainable) are needed to ensure we do not continue to bury our citizens and children in more and more debt.

REGULATORY REFORM

The Chamber recognizes that some Federal regulations are necessary to protect citizens and to avoid piecemeal regulatory by states. But with the huge cost of compliance and an increasing

number of complex rules, it is clear our regulatory system isn't working the way it should. Many regulations stifle economic growth and impose unnecessary costs that businesses have to pass along to their customers.

The Kentucky Chamber supports reform efforts including the Regulatory Accountability Act, which would increase public participation early in the process, require on-the-record hearings for the most costly rules, and instruct agencies to choose the least costly option to achieve congressional intent. Lawsuits are often filed due to the questionable legality of certain rules. The Chamber supports postponement of rules until legal challenges are settled.

Businesses deserve a regulatory system that is fair for everyone, takes into account the views of communities and businesses, evaluates the impact the rules have on jobs and businesses, and protects our economic and personal freedoms.

IMMIGRATION REFORM

The Chamber supports comprehensive immigration reform that creates:

- 1)** A legislative solution to Deferred Action for Childhood Arrivals (DACA) program. There are 5,459 DACA-eligible recipients in Kentucky.
- 2)** A workable temporary worker program for highly-skilled and lesser-skilled workers as well as the agriculture industry;
- 3)** A federal employment verification system that is reasonable and workable for employers;
- 4)** A legal status for the estimated 11 million undocumented people here, allowing them to emerge from the shadows and create a stable workforce;
- 5)** Improved enforcement to protect our borders while facilitating the flow of trade and travel.

EB-5 REFORM & REAUTHORIZATION

Big-city developers are awash in cheap capital at the expense of America's heartland, which languishes from lack of capital investment.

The source of that money is the EB-5 immigrant investor visa program, created by Congress in 1990 as an engine for growth and job creation in high-unemployment and/or rural areas. But a recent spate of national stories points to exploitation, misuse and abuse of the EB-5 program by developers in places like New York, New Jersey and San Francisco, who have stacked the deck in their own favor.

There must be incentives for foreign nationals to invest in truly distressed or rural areas through meaningful differentials in investment amounts and expedited processing. The Kentucky Chamber supports renewing and reforming the EB-5 program, to bring economic opportunity, innovation and jobs to Kentucky and the rest of Middle America.

EDUCATION

The Kentucky Chamber supports education policies that will prepare students, our future workforce, with the skills the workplace demands. That's why the Chamber advocates for legislation and regulations that address shortcomings in our education system. It is vital that students leaving our public-school systems be college or career ready, that higher education be accessible and affordable, and that employers have access to a workforce that meets their needs.

Federal law should give states the ability to implement education policies that will drive innovation in our schools to promote work-based learning opportunities such as internships and youth apprenticeships. The development of curriculum, standards and accountability systems must include meaningful input from businesses.

A strong education system is crucial to preparing young people for good jobs and bright futures. The Kentucky Chamber will continue to support policies that help ensure Kentucky, and our nation, can develop and sustain a globally competitive workforce.

ENERGY & ENVIRONMENTAL POLICY

The Chamber supports the development and

expansion of American energy resources to improve energy security and create jobs in the United States. Reliable and affordable energy is essential to running a business and fueling economic growth and competitiveness.

We support investments that will allow Kentucky to maintain its role as an energy leader and create further export opportunities for our coal and natural gas industries.

The U.S. is on track to become a net energy exporter, an accomplishment that would place the nation at an economic advantage while enhancing our security. The Chamber supports efforts to revise or repeal regulations that threaten the Commonwealth's low-cost energy advantage and our ability to expand business.

Specifically, rules that could force the retirement of power plants, restrict the use of certain fuels or increase the cost of extracting energy resources will diminish Kentucky's competitiveness and role as an energy-producing state.

It is critical that the Clean Power Plan and regulation for new power plants be significantly revised or repealed. If the rules are replaced, federal regulators should ensure coal remains a viable option for electricity production and states like Kentucky which rely heavily on fossil fuels don't experience a weakening of their competitive advantage.

The Chamber supports the development of regulations that are stakeholder driven and based on scientific evidence, technical viability and economic rationality. For example, the Chamber supports efforts by federal agencies to re-examine the definition of Waters of the U.S. and to repeal and revise the Clean Water Rule accordingly.

The Chamber supports legislation that would give the Environmental Protection Agency (EPA) more time to consider if new criteria air pollutant standards are warranted before promulgating the standard.

Further, the Chamber supports further review of the 2015 ground-level ozone standard and supports efforts by the EPA to better understand the

role other factors such as background levels of ozone and economic impacts play in meeting the standard.

The Chamber also believes additional time is necessary for fish and wildlife officials to adequately collect and review data before listing a new species as endangered and threatened. We support policies that allow Kentucky regulators, instead of outside interest groups and regulators, to make decisions that are best for the Commonwealth.

The Chamber opposes “sue and settle” tactics where a special interest group sues a federal agency to enter into a settlement that then directs that agency or others into a course of action not vetted through the traditional stakeholder process.

The Chamber has supported legislation to increase the transparency of these arrangements and supports recent efforts by the EPA to ensure transparency, accountability, and public engagement.

The Chamber commends efforts by federal and state regulators to encourage cooperative federalism and supports efforts to clarify and streamline regulatory processes. To that end, the Chamber recommends improvements to how mitigation banks and in-lieu fee programs are handled with regards to service area and severed mineral rights. Lack of clarity or inconsistencies from federal agencies lead to permitting delays and diminished competitiveness with surrounding states.

HEALTH CARE

The Chamber supports strategies and solutions to encourage health care reform that lowers cost, improves quality, expands access to health care and protects American jobs and the employers who create them.

It has been more than eight years since passage of the Affordable Care Act, and the Chamber continues to push for further reforms that are needed to lower health care costs and improve care.

The Chamber supports restoring the 40-hour work week, repealing taxes such as the excise tax (also known as the Cadillac tax), medical device tax and health insurance tax which all increase premiums

and ultimately cost jobs.

The Chamber supports raising awareness of positive wellness initiatives, such as worksite wellness programs, which improve health outcomes, lower insurance costs and increase productivity. The Chamber opposes cuts on the federal level to Medicare and Medicaid programs.

The Chamber supports modernizing “42 CFR Part 2,” the federal regulations governing the confidentiality of drug and alcohol treatment and prevention records. Currently, under the Part 2 rule, hospitals and physician practices cannot access patients’ substance use disorder (SUD) medical records unless the patient provides written consent to the system or individually names every physician they utilize for care.

Protecting patients’ confidentiality is of the utmost importance and these records will continue to be protected but the outdated nature of Part 2 has created barriers for providing the best care possible to individuals with substance use disorder. Aligning Part 2 with HIPAA would permit SUD records to be shared between covered entities (providers, payers, and healthcare operations) in order for patients to receive the integrated care they need.

INTERNATIONAL TRADE

The Chamber supports policies to open trade with promising markets abroad and to remove barriers that shut U.S. exports out of foreign markets.

Kentucky is home to many signature industries—including bourbon, manufacturing and agriculture—all of which rely on strong trade relationships. Kentucky generates \$30.9 billion in exports and supports 539,000 jobs through trade.

Businesses in the Commonwealth are thriving thanks to economic policy successes such as federal tax reform and regulatory relief.

The Kentucky Chamber is concerned potential tariffs could negatively impact this progress and encourages the de-escalation of discussions surrounding trade that could be detrimental to our state and national economies.

The Chamber supports the Trans-Pacific Partnership, which will put fairness and accountability at the heart of our trade relationship with the Asia-Pacific region and open markets for American goods and services.

The Chamber also supports the Transatlantic Trade and Investment Partnership, which would remove trade barriers between the United States and European Union, help level the playing field and boost economic growth and jobs.

Trade with Canada and Mexico is a significant driver of U.S. economic growth, and with a two-decade record to examine, it's plain to see that the North American Free Trade Agreement (NAFTA) has generated substantial new opportunities for U.S. workers, farmers, consumers, and businesses. The Kentucky Chamber welcomes the opportunity to update the NAFTA agreement, which supports 14 million American jobs.

RELIABLE & SECURE INFRASTRUCTURE

The Chamber supports efforts to improve the quality of America's infrastructure, including investments in transportation, energy, waterways, and wireless and broadband access.

Transportation and energy infrastructure directly impact our ability to compete in the global economy. The Chamber supports a comprehensive plan to ensure our transportation system does not crumble. This includes not only raising the gas tax, which hasn't been increased since 1993, but encouraging the use of public-private partnerships and permitting streamlining for transportation projects so they can be completed in a timely, cost-efficient manner.

The Chamber calls for the aggressive use of public-private partnerships (P3) to leverage private sector investments to expand and maintain the infrastructure essential to the economic growth of the Commonwealth.

We must use a multi-faceted approach to improve our nation's transportation system which fuels economic development, creates jobs, and enhances our overall competitiveness.

NATIONAL & CYBER SECURITY

Cyberattacks are an increasing threat to Kentucky businesses across all sectors. As businesses rely more on technology and data, vulnerabilities will continue to emerge.

It is critical that solutions are driven by the private sector with the support from policy makers and that there are opportunities for businesses to safely and voluntarily share information regarding risk and attacks.

The Chamber supports additional steps such as modernization of regulations that support the intent of the Cybersecurity Information Sharing Act of 2015 to further encourage voluntary sharing of information.

The Chamber also supports steps to align cyber programs to avoid burdening multinational businesses with duplicative processes. The Chamber also recognizes the importance of protecting critical infrastructure including transportation, telecom, energy, financial, and water networks from cyberattacks.

INVESTMENT IN NATIONAL PARKS SITES

The Kentucky Chamber supports creation of a reliable, dedicated stream of federal resources to address deferred maintenance needs in America's National Park System.

The Chamber also supports the use of public-private partnerships to address aging park infrastructure.

The National Park Service (NPS) protects and oversees more than 400 natural and cultural sites that document our nation's history and tell the stories of our citizens while also serving as important economic engines for neighboring communities.

In Kentucky, four sites including Mammoth Cave National Park recorded 1.9 million visitors in 2016, who spent \$122 million in park gateway communities thereby supporting 1,900 jobs and providing \$158 million in economic output. Despite the many benefits, our National Park System has a maintenance backlog estimated at \$11.3 billion, including

\$118 million at the national park sites in Kentucky. The repair list includes aging historic structures, roads, trails, bridges, tunnels, and outdated sewage, electrical, and drinking water systems.

Investing in park system infrastructure will protect our national treasures for future generations, as well as enhance job opportunities for residents of local communities near national parks.

FINANCIAL REGULATION

To maintain the nation's competitiveness, the United States must have a fair and efficient capital market. This cannot be achieved without a solid financial services regulatory system.

The Chamber supports financial rulemaking that protects consumers and investors, encourages reasonable risk taking, doesn't constrain innovation and growth or allow special interest groups to advance their agendas at the expense of all investors, and is coordinated with other economies.

The Chamber also supports working to develop an alternative and permanent solution to the Fiduciary Rule that was issued in 2016, to help restore the ability of Americans, and especially small businesses, to save for a dignified retirement.

The Kentucky Chamber applauds Congress for passing the Economic Growth, Regulatory Relief, and Consumer Protection Act. The bill will provide community banks with regulatory relief after the blanket implementation of financial regulations following the 2008 financial crisis.

LEGAL REFORM

Frivolous lawsuits are a drain on our economy and undermine true justice for legitimate victims. The threat of frivolous lawsuits stifles growth, investment and competition and is bad for business.

The Chamber supports comprehensive tort reform to end lawsuit abuse and ensure businesses receive the fair and equitable justice system they deserve.

INTELLECTUAL PROPERTY

The Kentucky Chamber and its member companies are very protective of intellectual property laws; however, there have been increasing abuses by so-called patent trolls. Generally, there has been a perception that patent trolls mainly target tech companies.

The truth is that they target a broad range of American businesses: large and small, tech and Main Street, manufacturers, realtors, restaurants, convenience stores, auto dealers and more.

Protecting intellectual property is very important to entrepreneurship and job creation. This is why the Kentucky Chamber strongly supports reforms to prevent abuses of our system and advocates for a strong patent reform bill that includes:

- Reforming abusive demand letters
- Making trolls explain their claims
- Protecting innocent customers
- Making patent litigation more efficient
- Stopping discovery abuses
- Making abusive trolls pay
- Providing less expensive alternatives to litigation