



Kentucky Chamber
Uniting Business. Advancing Kentucky.

2021 FEDERAL PRIORITIES

FEDERAL PRIORITIES 2021

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.

COVID-19 RELIEF

The Chamber supports policies to stimulate the economy, keep businesses open, and keep Americans safe in the midst of the COVID-19 pandemic. The Chamber applauds Congress for passing the historic CARES Act, which provided relief for businesses, state and local governments, and individuals as they navigate challenges presented by the global pandemic.

The Chamber also recognizes that further action at the federal level is desperately needed to keep our economic recovery on the right track. The Chamber supports legal liability reforms to shield those employers who have done their part in curbing the spread of the coronavirus from frivolous lawsuits. The Chamber also supports federal funding for the state's depleted Unemployment Insurance Trust Fund, which was forced to acquire a loan exceeding \$800 million from the federal government to continue paying unemployment benefits to Kentuckians. Specifically, with regard to the unemployment insurance situation in Kentucky, the Chamber has called for:

- **A transfer of federal funds to state UI trust funds equal to the amount of benefits paid due to COVID.**

Employers should not be responsible for the cost of unemployment due to COVID-19. Businesses closed due to COVID-19 in response to decisions made by governors and the federal government, causing unprecedented levels of unemployment. The unemployment was not due to the normal functioning of the labor market or the actions of employers.

- **Extending the Title XII interest waiver through 2021.**

H.R. 6201 provided a waiver of interest on Title XII loans through the end of 2020; an extension through 2021 is needed to avoid significant increased costs for states and special assessments on employers.

- **Delaying the application of the FUTA offset credit reduction for a year.**

A delay in the FUTA offset credit reduction would assist Kentucky and employers in adjusting to the need for UI trust fund solvency and to avoid further FUTA increases.

- **Providing short-term transfers of federal funds to state UI trust fund accounts to reduce the charges to reimbursing employers (employers that pay dollar for dollar reimbursement for claims instead of the tax) due to the COVID-19 recession.**

Some employers in Kentucky, including some nonprofit organizations, are reimbursing employers that find themselves in the position of unprecedented unemployment compensation benefit charges to their accounts due to the COVID-19 recession. These employers make payments for actual costs in lieu of tax contributions. A short-term transfer of 100% of charges due to the COVID-19 recession would permit reimbursing employers to manage the increased costs and provide additional funds to reduce unemployment trust fund deficits.

Additionally, the Chamber supports continued temporary, targeted measures to support small and mid-size employers and child care and K-12 schools, and to provide state and local government assistance as part of ongoing recovery efforts.

As part of the CARES Act, numerous tax provisions were enacted on a temporary basis to help businesses address liquidity issues. Given the expected time required to return to the pre-pandemic economy, a further extension of these tax provisions is warranted.

The ability of many parents to return to work is dependent on schools physically reopening and child care being available. Reopening must be safe and should be guided by public health officials. Congress should provide critical financial assistance to aid in a safe reopening.

Just as the pandemic caused a sudden, unanticipated drop in receipts for businesses, it has done the same for state and local government revenue. Without additional federal assistance, state and local government programs and jobs will have to be quickly cut, deepening and lengthening the economic downturn.

TAX AND ENTITLEMENT REFORM

The Chamber commends Congress for the passage of the Tax Cuts and Jobs Act in late 2017. The law made several changes to the federal tax code that improved the United States' competitiveness and supported economic growth and investment by businesses. Reduction of the corporate tax rate, tax changes that benefit pass-through entities (which are often small businesses), and other reforms should be maintained.

The Chamber urges Congress to address the serious fiscal challenges that continue to exacerbate the annual budget deficit and growing national debt. To protect the long-term fiscal health of the United States, it is imperative Congress pass tax and entitlement reforms that will fix the structural imbalance and begin to pay down the national debt. Permanent pro-growth tax reforms that will broaden the tax base and lower rates will give businesses the certainty needed to compete globally.

Along with 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 the need for smart federal regulations to ensure workplace safety and to protect public health. At times rules are necessary to avoid states' regulation of industries in the absence of federal oversight. 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.

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, and protects our economic and personal freedoms.

IMMIGRATION REFORM

The Chamber supports comprehensive immigration reform that creates:

- A feasible temporary worker program for highly-skilled and lesser-skilled workers as well as the agriculture industry.
- A federal employment verification system that is reasonable and workable for employers.
- Legal status for the estimated 11 million undocumented people here, allowing them to emerge from the shadows to create a stable workforce.
- Improved enforcement to protect our borders while facilitating the flow of trade and travel.

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 strengthen 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 opportunities for work-based learning opportunities such as internships and youth apprenticeships. The development of curriculum, standards and accountability systems must include meaningful input from businesses.

Further, education is critical for those who are formerly incarcerated and working to regain meaningful employment and avoid recidivism. Allowing those battling substance use disorder to seek treatment and providing fair chance opportunities are key ways to help these individuals and our workforce. The Chamber supports removing barriers incarcerated students face, such as accessing financial aid opportunities. One such example is the ban on the use of federal Pell Grants by incarcerated students. By lifting the ban on federal Pell Grants, Kentucky could significantly increase the number of people leaving prison with postsecondary credentials.

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 AND 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 give the country an economic advantage while enhancing our security.

The Chamber has opposed federal regulations that threaten the Commonwealth's low-cost energy advantage and our ability to expand business. The Chamber supports the development of regulations that are stakeholder driven and based on scientific evidence, technical viability, and economic rationality.

The Kentucky Chamber fully supports the application of cooperative federalism principles with respect to the appropriate utilization and recognition of state and local primacy rights when implementing energy and environmental programs.

Many federal laws and regulations currently being amended or adopted will impact Kentucky businesses, and the Chamber is closely monitoring the following:

- EPA regulation of carbon dioxide from new and existing electric generating units. The Chamber supports implementation of the Affordable Clean Energy Rule that was finalized in 2019.
- EPA revisions to National Ambient Air Quality Standards for sulfur dioxide, ozone, particulate matter, and nitrogen oxides as well as revisions to the implementation of the standards that could drastically increase the number of non-attainment areas and increase the difficulty of planning for attainment of the new standards. The Chamber supports legislation to change the review cycle for criteria pollutants, including ozone, from a 5-year review to a 10-year review 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 standards.

Further, the Chamber supports the following:

- Energy and Environment Cabinet's requests in 2019 for approval of revisions to its State Implementation Plan (SIP) regarding changes in attainment status, requirements on sulfur dioxide, and the 2015 Ozone National Ambient Air Quality Standard.
- Prompt adoption of state legislation and regulations to implement the America's Water Infrastructure Act of 2018 and action at the federal level to promote infrastructure development that include America's Water Infrastructure Act of 2020 and the Drinking Water Infrastructure Act of 2020. Kentucky needs these state and federal programs to assist communities in enhancing their wastewater and drinking water resources.
- Implementation of the Navigable Waters Protection Rule adopted after repeal of the Clean Water Rule and changes to the Waters of the U.S. (WOTUS) definition.
- Rulemaking and legislation that encourages efficient regulation and beneficial use of coal combustion residuals (CCR) by aligning state criteria to federal criteria, providing clear authority to the state to oversee and be the primary enforcement authority for the federal CCR disposal and beneficial use standards.
- Efforts that will help Kentucky position itself as the leading exporter of coal to international markets.
- Research opportunities that will find alternative uses for coal beyond baseload power generation.

HEALTH CARE

The Chamber supports strategies and solutions to encourage health care reform that lowers costs, improves quality, expands access to health care, and protects American jobs and the employers who create them. It has been more than 10 years since the 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. Within the ACA, the Chamber supports restoring the 40-hour work week.

The Chamber supports the expansion of current legislation to increase access to health care through alternative payment models and telehealth for both Medicaid and Medicare populations. Additionally, the Chamber supports legislation to allow for flexibility in qualified benefits plans for Medicare, Medicaid, and Medicare Advantage to expand offerings for accessible and affordable care to beneficiaries.

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 and would support efforts to improve affordability and access for beneficiaries. The Chamber is concerned with proposals, such as President Trump's Executive Order calling for a "Most Favored Nation" approach to drug pricing, that would move these programs toward socialized medicine and a one-size-fits-all approach to health care. The Chamber supports freedom of choice for patients, families, and doctors.

PROTECT SIGNATURE INDUSTRIES IN KENTUCKY

The Chamber supports policies to enhance, promote, and protect our signature industries in the Commonwealth, such as the equine industry, the bourbon industry, and agriculture.

Kentucky's distilling industry has a significant impact on the economy, producing 95% of the world's bourbon and contributing \$8.6 billion in economic output and more than 20,000 jobs while topping \$1 billion in payroll. Kentucky's equine industry directly employs over 44,000 people statewide and accounts for \$5.2 billion in total economic impacts on Kentucky's economy (including indirect & induced effects).

Both the equine and bourbon industries contribute to the state's agriculture economy through horse breeding and sales and the harvesting of corn used to make Kentucky's signature spirit. Agriculture is a key sector of Kentucky's economy, especially with new Kentucky startups in the ag-tech space. The Chamber advocates for federal policy that recognizes the importance of these industries to the Commonwealth.

Specifically, the Chamber supports the Horseracing Integrity and Safety Act of 2020, which would establish the Horseracing Anti-Doping and Medication Control Authority to improve safety measures and create uniformity across the U.S. in terms of drug testing before races. The Chamber recognizes that horse racing, breeding, and sales are key components of Kentucky's economy and supports any measure to enhance safety and improve the integrity of the sport.

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

The Chamber applauds Congressional efforts to pass the United States-Mexico-Canada Agreement (USMCA), approved in January 2020, under which Kentucky is a top state for trade; many of our signature industries, including bourbon, automotive, aerospace, and agriculture have been negatively affected by recent tariffs. The bipartisan agreement shows that trade is important for economic growth and protecting businesses and consumers.

RELIABLE AND SECURE INFRASTRUCTURE

The Chamber supports efforts to improve the quality of America's infrastructure, including investments in highways, transit, airports, freight, rail, 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) to support roadway and transit infrastructure, but also encouraging the use of public-private partnerships and permitting streamlining of transportation projects to ensure completion in a timely, cost-efficient manner. Further, knowing that manufacturers continue to improve fuel efficiency and given that innovation will continue to present opportunities for transportation funding, the Chamber supports the study of new and different mechanisms for funding infrastructure projects to ensure long-term viability.

The nation's transportation system fuels economic development, connects our workforce to jobs and enhances our overall competitiveness.

The Chamber also supports all water and wastewater providers, public and private, in future legislation to increase funding or financing for infrastructure as well as customer assistance programs.

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

CYBERSECURITY

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

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

The Chamber supports efforts to further encourage voluntary sharing of information and 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.

OUR PUBLIC AFFAIRS STAFF WORKS FOR YOU.

Our public affairs team represents you in Washington D.C. to curb burdensome regulations, reduce taxes, and create a healthy, business-friendly climate in the Commonwealth.

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KENTUCKY CHAMBER POLICY COUNCILS

Make your voice heard on Kentucky's key issues, and join a policy council today! The Kentucky Chamber has seven policy councils composed of business leaders from around the state, each of which is responsible for developing legislative positions and priorities for their respective policy areas.

EDUCATION & WORKFORCE

CHAIR: **Kelley Workman**, *Planters Bank, Hopkinsville*



Kentucky's economic viability is directly linked to the education and skills of its citizens. With a focus on lifelong learning, this council develops policies to support and improve education at all levels to build a productive and diverse workforce.

INFRASTRUCTURE

CO-CHAIRS: **Hood Harris**, *AT&T, Louisville*
Candace McGraw, *Cincinnati/Northern KY International Airport, Hebron*



This council is responsible for the formation of the Chamber's legislative and federal agenda as it relates to infrastructure and focuses on all types of infrastructure including transportation, utility, and broadband.

ENERGY & ENVIRONMENT

CHAIR: **David Huyck**, *Westlake Chemical Corporation, Calvert City*



This council seeks to promote Kentucky as an energy leader and supports policies to achieve environmental protection without unnecessarily hindering economic development and business growth.

KENTUCKY COMPETITIVENESS

CHAIR: **Jim Rickard**, *WesBanco, Louisville*



This council seeks to increase Kentucky's competitiveness, not only with our border states but around the world. Economic development practices, labor laws, human resource policies, taxation, criminal justice, and the state budget are among the focuses of the council.

SMALL BUSINESS

CHAIR: **Kaelyn Query**, *Lexington Event Company, Lexington*



Because small businesses are often disproportionately affected by challenges facing the economy, this council ensures that issues of particular importance to small businesses are adequately represented by the Chamber's policies.

HEALTH CARE

CHAIR: **Donovan Blackburn**, *Pikeville Medical Center, Pikeville*



Rising health care costs have become a significant financial threat to Kentucky's businesses. As such, this council is focused on developing solutions to slow the increasing costs of health care and to improve the overall health and well-being of Kentuckians.

AGRICULTURE & EQUINE

CO-CHAIRS: **Vince Gabbert**, *Keeneland, Lexington*
Adam Hinton, *Hinton Mills, Flemingsburg*



This council brings together industry leaders to help develop, guide, and advocate policies to strengthen these key sectors of Kentucky's economy.