

09 KENTUCKY GENERAL ASSEMBLY Results for Business

What Passed. What Didn't. And What It Means to Your Bottom Line.

Anti-business legislation blocked

Positive pro-business measures were passed, but the best outcome for businesses of the recent legislative session was the defeat of a number of negative proposals.

The cooperation that marked the majority of the Kentucky General Assembly's work this year was a particularly noteworthy step forward. The open communication among the Senate, the House of Representatives and the Governor's Office resulted in a respectable list of accomplishments, including plugging a sizeable hole in the state budget.

For the business community, lawmakers enacted measures that will lead to progress in education, health and corrections, and bolster the state's efforts to attract and grow jobs, while negative legislation such as costly health care mandates and the expansion of workers' compensation litigation was defeated.

Details on each of the bills are on the next few pages.

Some important issues were left on the table as time ran out, though. Among them:

- an overdue overhaul of the state's economic incentive programs to put a greater focus on small businesses, Kentucky's existing companies, retooling manufacturing facilities and technology companies – all making Kentucky a better place to do business;
- the Kentucky Transportation Infrastructure Authority, necessary to move ahead with several large-scale transportation projects around the state, including the Ohio River bridges in Louisville; and
- legislation clarifying Kentucky's discrimination laws to allow companies to provide incentives to encourage employees to stop smoking.



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The anticipation of another budget crisis is already spurring talk of a special legislative session. We'll keep you posted and continue to work on your behalf for better bottom lines for Kentucky's business community.

As always, thank you for your investment in the Kentucky Chamber of Commerce. Together we are making great strides for the state.

Dave Adlsson
President & CEO



I know firsthand the importance of many programs and services the Kentucky Chamber has to offer. During the session this year there was an increase tax added to off-premise alcohol sales. Even though the tax was passed, Dave and his crew were very helpful in our fight — everything from lobbying on our behalf to having a statement drafted stating the Chamber's position on the additional tax burden on the alcohol industry. Just one call and support was there for us. **The Kentucky Chamber is there for all businesses, even small businesses like mine.**

I have also attended informational programs they offer and each time I have come away with a wealth of information. As valuable as all our time is these days, **it is wonderful to have an outlet for precise information** on many important topics that effect all of our businesses.

- Ann McBrayer, Kentucky Eagle Beer, Lexington



I operate several small businesses in Western Kentucky. Our employee count varies by season, but is generally around 50. Employing a lobbyist is out of the question for us. **The Kentucky Chamber acts as our lobbyist.** My several hundred dollar investment in the Chamber saved me between \$5,000 and \$10,000 just last year by keeping out additional mandates on health care, changes in the workers' compensation law and corporate income tax law. The Chamber is my advocate in Frankfort.

- Ken Lawson, Thriftway, Inc., Owensboro



In 2009, the Kentucky Chamber reviewed over a thousand pieces of legislation to determine the impact on business — tracking and giving input on more than 300.

When the Kentucky General Assembly meets in Frankfort each year, their actions can profoundly affect your bottom line. That's why every year the Kentucky Chamber — one of the most effective lobbying teams in Frankfort — is there, working for you. We do whatever it takes to make sure that Kentucky businesses of every type and size have a powerful and respected voice in Frankfort.



Positive business-building legislation



Legislation that posed substantial risk to Kentucky businesses






FISCAL POLICY

	Excessive Tax on Spirits and other Alcohol The General Assembly extended the 6% sales tax to retail sales of beer, wine and spirits over the strong objections of the Kentucky Chamber of Commerce. This tax is in addition to already high wholesale taxes. (HB 144) Enacted into law
	Prevailing Wage Changes This legislation would have repealed or reformed the prevailing wage laws, which artificially raise the price taxpayers pay to build public projects. (SB 145, SB 146) Not considered by the Senate
	Selective Tax Increases This legislation would have unfairly increased the cost of doing business for particular segments of our economy and put us out of step with our competitor states. (HB 223) DEFEATED
	Increasing the Kentucky Estate Tax Legislation that sought to decouple Kentucky's estate tax from the federal estate tax would have potentially threatened the viability of certain family-owned businesses. (HB 257) DEFEATED
	Pension Reform Legislation to require public pension boards to have investment experts help safeguard tax dollars was filed after a great deal of Chamber input. (HB 380) Passed by the House, Not considered by the full Senate






ECONOMIC DEVELOPMENT

	Small Business Tax Incentives The Chamber supported tax incentives of up to \$25,000 per year for small businesses to invest in their business. (HB 26) Passed by the House, Amended by the Senate, Not reconsidered by the House
	Infrastructure Authority The Chamber supports efforts to develop authorities to construct and maintain transportation investments essential to the movement of goods and services in a cost-efficient manner. (HB 102) Passed by the House, Amended by the Senate, Not reconsidered by the House
	Promote Kentucky's Equine Industry Because of the substantial impact the industry has on the state, the Chamber supports Video Lottery Terminals (VLTs) to enhance the future growth of Kentucky's signature industry. (HB 158) Not considered by the full House
	Employee Choice The Chamber respects personal choice in union participation, but Kentucky's failure to enact right-to-work legislation has caused the Commonwealth to lose business investment to other states. (SB 165) Not considered by the Senate
	New Markets Tax Credit This legislation would have provided tax credits to start-ups in economically depressed areas of Kentucky, providing jobs to those areas of the state in the greatest need. (HB 511) Not considered by the House
	Economic Development Incentives These incentive programs would have encouraged job growth through new and existing companies, kept businesses in the state, and promoted small business development, allowing the state to be a more competitive place to do business. (HB 229) Passed by the House, Amended by the Senate, Not reconsidered by the House
	Disaster Liability Reform To prevent lawsuit abuse, the Chamber supported this legislation to enact commonsense liability protection for good samaritans in the event of natural disasters. (HB 434) Not considered by the House






EDUCATION

	CATS Assessment This move toward improving academic achievement by regularly assessing performance to ensure all students are on track to enter higher education and the workforce was a successful bipartisan compromise and incorporated internationally benchmarked standards for math education — a key Chamber priority. (SB 1) Enacted into law
	Early High School Graduation The Chamber supports early graduation to get academically prepared students into higher education and the workforce sooner. (SB 3) Passed by the Senate, Not considered by the House
	Math Standards Revision Critical to Kentucky's ability to compete in the global economy is a commitment to successfully educate students in science, technology, engineering and math (STEM). This legislation revises math content standards and assessments to help reach this goal. Key provisions of this legislation were included in SB 1. (SJR 19) Concept enacted into law
	Career Pathways This legislation would have provided career-based programs of study for high school students, better preparing Kentucky's students for tomorrow's jobs. (SB 43) Not considered by the Senate
	Teacher Collective Bargaining An expansion of public employee collective bargaining could lead to inefficient administration of public duties, increased costs to taxpayers and an increased likelihood of interruptions of essential government services. (HB 373, SB 172) DEFEATED




HUMAN RESOURCE AND LABOR

	Workers' Compensation Litigation Expansion This legislation would have significantly reduced the threshold for filing lawsuits against employers over work-related injuries, essentially destroying the exclusive remedy foundation of our workers' compensation system. (HB 455) DEFEATED
	Misclassification of Employees This Chamber-opposed legislation would have penalized employers that "misclassified" employees as independent contractors. These bills would have created administrative and civil penalties for employers who were found to be non-compliant with this act, as well as disqualify contractors from state contracts for a two-year period for repeated violations. (SB 136 and HB 392) Passed by the House, DEFEATED by the Senate
	Wrongful Discharge Reducing the statute of limitations on wrongful discharge claims from five years to two years would have created a better climate for doing business in Kentucky. (HB 498) Not considered by the House
	Wage Mandate Strongly opposed by the Chamber, HB 33 would have created more lawsuits against employers over gender-based wage discrimination. (HB 33) DEFEATED
	American Medical Association Guides The Chamber successfully opposed original provisions that would have permanently locked current guidelines into statute, significantly increasing the cost of workers' compensation for employers. (HB 333) Enacted into law (with Chamber-backed amendments)

HEALTH AND WELLNESS

	Wellness Tax Credits HB 11 would create tax credits for employers to recover 50% of the costs of implementing an employee wellness program. (HB 111) Not considered by the House
	Legislation to discourage smoking Because businesses bear the cost of health insurance for a number of Kentuckians, the Kentucky Chamber supports higher taxes on cigarettes and tobacco to reduce the economic impact of smoking. (HB 144) Enacted into law
	Costly Health Mandates Several bills were introduced that would have required health plans to cover a number of expensive services and some would change the way a health provider was reimbursed. Together, this legislation would have likely cost employers more than \$71 per employee per year. (SB 19, SB 40, SB 54, SB 74, HB 190, HB 453 and HB 464) DEFEATED
	Removing the Wellness Disincentive A top health care priority for the Chamber, this legislation would have clarified Kentucky's discrimination laws to encourage employers to provide wellness and smoking cessation programs and prevented frivolous lawsuits. (HB 54) Passed by the Senate as an amendment, Not considered by the House
	Loan Forgiveness for Physicians This Chamber-supported legislation would have helped address the lack of medical professionals in Kentucky in an effort to address poor access to health care in the Commonwealth. (HB 386) Passed by the House, Not considered by the Senate

ENERGY AND ENVIRONMENT

	Brownfield Redevelopment SB 27 creates a fund in the State Treasury that permits the state to make loans and grants to state and local governmental agencies to assist them in redeveloping brownfield sites. (SB 27) Enacted into Law
	Energy Diversification SB 13 would have removed the prohibition on the development and construction of nuclear electric-generating plants — a positive step toward energy diversification. (SB 13) Passed by the Senate, Not considered by the House
	"Streamsaver" Legislation Mandated changes to EPA-approved mountaintop removal mining practices in Kentucky would have drastically affected coal mining practices, leading to increased costs for coal operators and utility customers. (HB 104 and SB 100) DEFEATED

Chamber efforts save employers \$71 per employee per year

A number of bills introduced in the 2009 legislative session would have required health insurance to cover an array of different health services/treatments. The Kentucky Chamber fought these bills – successfully – to protect our members from higher insurance premiums. Based on cost estimates prepared by the Kentucky Office of Insurance, **these proposed mandates would have raised health**

insurance premiums by a total of up to \$71 per year for every person in Kentucky covered by health insurance. For a business with 25 employees, that's an additional cost of doing business of more than \$1,775 per year in increased health insurance premiums due to state mandates. (50 employees = \$3,550/year increase; 100 employees = \$7,100/year increase)

Here's a breakdown:

Bill Number	Mandated Coverage	Increase in Health Premiums*
SB 19	Dialysis (covered person can't be required to travel more than 30 miles for dialysis treatment)	Indeterminable
SB 40	Chiropractor services	\$8.88 to \$10.92/year per person
SB 54/74; HB 190	Autism treatment	\$18.29 to \$22.86/year per person**
HB 453	Infertility treatment	\$29.88 to \$37.32/year per person
HB 464	Contraception prescription drugs	Not available
	Total Additional Cost	\$57.05 to \$71.10/year per person/employee

*Based on actuarial analysis by the Kentucky Office of Insurance. **These costs are counted only once as each of the three autism bills had virtually the same financial impact.

Boost your buying power

Not only does Kentucky Chamber membership strengthen your voice in Frankfort, it bolsters your company's buying power with exclusive member discounts on health insurance, office supplies, and payroll and HR services. Plus, members get 25% off all Chamber seminars and publications. Are you taking advantage of all the perks of your membership?

Save money, reduce time-consuming activities and stay competitive in today's marketplace with these Chamber Power Buys:



Chamber Advantage, a partnership between the Kentucky Chamber and Anthem Blue Cross and Blue Shield, offers specially priced small group

health, dental, life, vision and disability plans to Chamber members with two to 99 eligible employees. Participants in Chamber Advantage receive:

- 2% discount on medical, dental and vision coverage
- 8.5% discount on life, dependent life and short-term disability coverage
- 3.5% discount on long-term disability



Office Depot offers Chamber members valuable discounts on a variety of everyday office products and discounted

next-day delivery. Plus, you'll save time with four convenient ways to place orders: fax, phone, Internet and on-site at retail locations.



Paychex offers members a complete wheel of services, from compliance regulation to a fully integrated human resource and payroll system, including 401(k) plan recordkeeping, COBRA administration, background checks and tax credit services.

For more information on these programs, go to www.kychamber.com, hold your mouse over the green "Membership" button on the left, then choose "Chamber Power Buys" from the drop-down menu, or contact Christy Coe at ccoe@kychamber.com or (502) 848-8724.

"I've worked with Paychex since May 2008, but the company's used Paychex for about three years. In July 2008 we switched to the Preview (program), which gives us a Web-based payroll system and human resources information system. I can go in and track attendance, salary history, anything payroll related from any computer."

The good thing about Paychex is that it is Web-based, so I can be on my home computer and access it. If I'm sick at home, I can still process payroll, or if something happens in the middle of the night, where I need emergency contact information, I can do that from home. And it's very secure. It's where I store everything from performance reviews, salary history, EEOC data... It's my lifeline, basically."

- Stephanie Adams, Nitto Denko Automotive Kentucky, Lexington



Before Somerset Houseboats joined the Kentucky Chamber, we were ill informed about the business environment in Kentucky due to a lack of consistent information and representation. **As a member, we enjoy**

timely information, representation and networking with other Kentucky corporations to solve, or work together on, issues facing all Kentucky businesses. For example, the proposed Workers Compensation HB 455 would have negatively affected Kentucky companies by lowering standards that would have led to many more lawsuits. The defeat of that bill is a prime example of what we can do together. Chamber membership is an investment in our future!

- Stephen Lochmueller,
Somerset Houseboats & Cruises, Somerset



Seeing Red?

Call the Small Business Navigator

The Small Business Navigator helps Kentucky Chamber small business members through the sometimes tricky system of laws, regulations, and licensing requirements.

The Small Business Navigator service is available during regular business hours, five days a week at (502) 330-5492 or at sbnav@kychamber.com.

For more information or to join the Kentucky Chamber, call (502) 848-8743 or visit www.kychamber.com.