

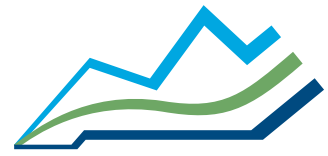
AUGUST 2010

INSIDE THIS ISSUE

2 POLICY COUNCILS DEVELOPING CHAMBER'S 2011 LEGISLATIVE AGENDA

3 TAX CLIMATE MATTERS: NEW RANKINGS SHOW KENTUCKY IMPROVING

7 IS YOUR COMPANY ONE OF KENTUCKY'S BEST PLACES TO WORK?


Kentucky Chamber
 Uniting Business. Advancing Kentucky.

Progress Report: Kentucky moving ahead, but gains slow in some areas

KENTUCKY IS MAKING PROGRESS in education, competitiveness and other areas, but the gains are slow in some cases, emphasizing the need for more focused attention, according to a recent Kentucky Chamber report on the progress of the New Agenda for Kentucky initiative.

Published in January 2008, the New Agenda report focused on five goals that Kentuckians identified as areas that, with improvements, could truly transform the Commonwealth:

- 1) improving the education attainment of Kentuckians;
- 2) modernizing government;
- 3) promoting wellness and healthy Kentuckians;
- 4) preparing Kentucky to successfully compete in the global marketplace; and
- 5) expanding Kentucky's role as an energy leader.

These five goals became the foundation of the Kentucky Chamber's strategic plan, with a commitment to track the state's progress in these areas annually.

The 2010 update concluded the state has made progress in several areas despite the tough economy:



Education

Kentucky is moving ahead in education as a result of new standards the state has adopted to better prepare students for college and work. Legislation was passed to make it easier for community college students to transfer to four-year public universities. Student scores on national tests have improved, raising Kentucky's education ranking. Although the high school graduation rate has slipped, the dropout rate has improved. For further education developments, see page 3.



Government Modernization

Government modernization is another area showing progress. The legislature enacted a 2010-12 budget that included significant savings in corrections, Medicaid and public employee health benefits. And, Kentucky has been recognized as a national leader in making budget, salary and contract information available to the public online. On the negative side, a recent national report cited "serious concerns" about Kentucky's public pension system.



Health & Wellness

The update described Kentucky's status in wellness as "standing still," in view of the state's continued low rankings on national indicators and the failure of wellness initiatives in the 2010 General Assembly. More positive was the legislature's decision to include funding in the 2010-12 budget for a smoking cessation program for Medicaid recipients.



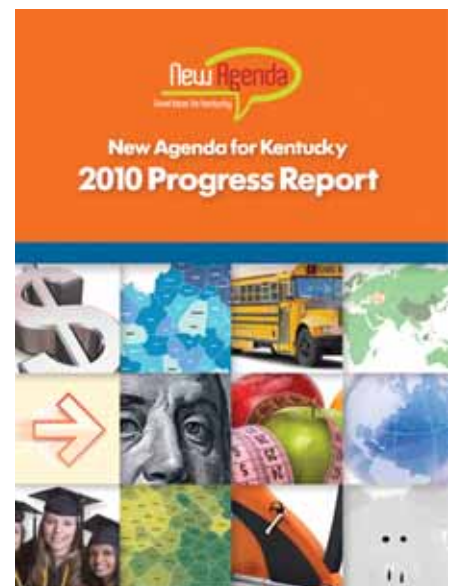
Global Competitiveness

Kentucky's global competitiveness has improved. The state's business tax climate ranking moved from 34th to 20th in a Tax Foundation report, the result of the legislature's refusal to raise taxes during the economic downturn (see page 3 for more on this development). Also cited was the consensus solution crafted by business and labor leaders to restore the balance in the state's unemployment insurance trust fund – saving Kentucky and its employers an estimated \$700 million over the next decade.



Energy

Finally, the New Agenda update concluded Kentucky was moving forward in energy. Key points included Kentucky's continued leadership in coal production and low electricity prices, federal support for university research on cheaper ways to remove carbon dioxide from power plant releases and plans for the nation's second-largest algae factory.



Download the New Agenda for Kentucky 2010 Progress Report at kychamber.com

- ➔ Education: Moving forward
- ➔ Modernizing Government: Moving forward
- ➔ Health: Standing still
- ➔ Global Competition: Moving forward
- ➔ Energy: Moving forward

A report on Kentucky's progress in education, the Chamber's No. 1 priority, appears on page 3.

Economic Summit topics address Chamber's 5 Goals

IN JULY, the Kentucky Chamber's fifth Economic Summit and Annual Meeting, sponsored by Greenebaum Doll and McDonald explored the Chamber's 5 Goals to Transform Kentucky: improving education attainment, modernizing government, improving health and wellness, improving global competitiveness and making Kentucky an energy leader.

More than 200 business leaders were on-hand to hear presentations from top CEOs, policymakers and educators.

SUMMARIES AND PHOTOS FROM THE EVENT
APPEAR ON PAGES 4 & 5



UPS Chief Operating Officer David Abney presents Innovation in a Challenging Global Economy during the Chamber's Economic Summit.

KENTUCKY CHAMBER YEAR IN REVIEW

Jones' chairmanship marked by Leaky Bucket, UI fix and new front door to Frankfort

KENTUCKY CHAMBER Chairman Bill Jones, U.S. Bank, Paducah, began his chairmanship in October of 2009 – not the brightest time for many businesses and industries in Kentucky and the nation. However, due to his keen understanding of economic indicators, as well as an inherent positive attitude, Jones was able to look beyond the struggling economy and create a positive program of work as the leader of Kentucky's foremost business association. "It is during these hard times that businesses need us working for them the most," said Jones earlier this year. And he was right. The Kentucky Chamber's 09-10 Fiscal Year was marked by a number of positive measures that have helped secure Kentucky's business climate for recovery.

Most notably, Jones' year, which ends Sept. 30, will be remembered as the year of "The Leaky Bucket" message – the result of

a year-long research project that found state government spending in recent years has shifted from investing in education toward unsustainable funding in three areas: corrections, public employee benefits and Medicaid. Kentucky Chamber President and CEO Dave Adkisson spent much of 2010 traveling across the state to both expose and discuss solutions to the plug these three "leaks" in the state budget.

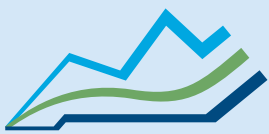
"We're very proud of the Leaky Bucket message, and truly believe it has changed the dialogue in Frankfort," said Jones.

During the special legislative session, the General Assembly passed a budget focusing on many of these leaks that included reductions in long-term costs of health benefits for public employees, a review of the states' corrections system, avoiding a cut of two days from the school calendar, and maintaining basic education funding.

FOR A COMPLETE LOOK AT OTHER SUCCESSES DURING 2010, SEE PAGE 6.



Kentucky Chamber Chairman Bill Jones



Kentucky Chamber
Uniting Business. Advancing Kentucky.

Welcome new members!

Please help us thank these companies for investing in the Chamber's mission by giving them your business.

BOARD OF TRUSTEE

Armstrong Coal Company

STAKEHOLDERS

A. Arnold World Class Relocation
Algood Food Company
CB Richard Ellis/Louisville
GRW
Modern Transmission Development
Vanguard Contractors

GENERAL MEMBERS

Arvin Meritor Automotive
Asphalt Institute
B & K Wood Products
Citizens Bank of Jackson
City of Augusta
City of Somerset
Claudia Sanders Dinner House
CMD Holdings
CoAlliance of Business Association
Dukes A&W Enterprises
Employment Solutions
Engineers, Inc.
Etown Small Engine Inc
Evans Construction Co.
First National Bank
Gallatin County Chamber of Commerce
Gold Vault Inn
Hebel & Hornung
Hexion Specialty Chemicals
Integrated Information Systems
ITW Powertrain Fastening
Keath Builders
KLH Engineers
Knox Family Dentistry
LRC - The Downtown Experts
Medical Rehabilitation Centers
Solutions First Db a Lawton
Insurance
Studer Residential Design
Superior Battery Mfg.
The Webb Companies
W.J. Andriots
Wolf Capital Consultants
Written 'N Stone

GENERATING MEMBER FEEDBACK



TOP: Kentucky Chamber Competitiveness Council Chair Dan Bork, vice president-tax for Lexmark International, speaks at a recent council meeting.
ABOVE: Education and Workforce Council Chair Mike Owsley, partner, English, Lucas, Priest & Owsley, along with Julie Schmidt, director, community relations for KET, at a recent council meeting.

Policy councils now meeting to determine Chamber's 2011 legislative agenda

IN JULY, Kentucky Chamber policy councils, made up of business leaders from around the state, began meeting to discuss the Chamber's 2011 legislative agenda. Below are summaries of the council meetings that have taken place so far.

EDUCATION AND WORKFORCE COUNCIL

During the Kentucky Chamber's Education and Workforce Council meeting, members discussed charter schools and the controversy surrounding them, the economy's effect on education, compulsory school attendance, technical education career tracks and board exams. Also discussed was the need to retain, retrain and "recareer" older adults that are able to stay in the workforce beyond the traditional retirement age.

COMPETITIVENESS COUNCIL

The Competitiveness Council meeting centered on how Kentucky could potentially change its tax structure to increase revenue while improving the tax climate for businesses.

HEALTH AND WELLNESS COUNCIL

The Health and Wellness Council members discussed policy changes for the upcoming session, focusing on the condition of Kentucky's Medicaid program and the potential impact of the new health care reform bill.

ENERGY AND ENVIRONMENT COUNCIL

The Energy and Environment Council discussed EPA's current environmental permit approval process, and what impact the process could have on energy costs and the Kentucky coal industry.

Chamber chairman visits investors across the Commonwealth

KENTUCKY CHAMBER CHAIRMAN Bill Jones, community division manager of U.S. Bank, is shown with board member Millie Marshall, vice president of human resources for Toyota Motor Engineering & Manufacturing. Jones recently toured the company's manufacturing headquarters in Erlanger, Ky. Jones has been visiting Chamber investors across Kentucky, thanking them for continuing their partnership with the Chamber during difficult economic times.



Kentucky Chamber salutes our Key Investors!

CHAIRMAN'S CIRCLE



PRESIDENTIAL ADVISORS



BOARD OF TRUSTEES

- | | | | |
|------------------------------|---|---------------------------------|----------------------------------|
| AK Steel Corporation | Fifth Third Bank, Central Kentucky | Logan Aluminum | Publishers Printing Company |
| Alliance Coal | General Electric Company | Lourdes Hospital | Securitas Security Services, USA |
| AMR Management Services | Gray Construction | Maker's Mark Distillery | Signature HealthCARE |
| Armstrong Coal Company, Inc. | Gray Kentucky Television | Marathon Petroleum Company | Specialty Foods Group |
| Ashland Inc. | International Coal Group | Mountjoy Chilton Medley | Steel Technologies |
| Brenntag Mid-South, Inc. | Kentucky American Water | NACCO Materials Handling Group | Stites and Harbison |
| Century Aluminum of Kentucky | Kentucky Community and Technical College System | North American Gem | Sumitomo Electric Wiring Systems |
| Coca-Cola Enterprises | Kentucky Farm Bureau Insurance | Owensboro Medical Health System | Sun Products Corporation |
| CSX Transportation | Kentucky Medical Services Foundation | Peabody Energy Corporation | UK HealthCare |
| Dana Holding Corporation | Lexington Clinic | Pfizer | |
| Duke Energy | | Pikeville Medical Center | |

Is your company one of the Best Places to Work in Kentucky?

THE KENTUCKY SOCIETY for Human Resource Management (KYSHRM) state council and the Kentucky Chamber of Commerce are now accepting applications for the seventh annual Best Places to Work in Kentucky. The program is a multi-year initiative encouraging companies in the Commonwealth to focus, measure and advance workplace environments toward excellence. If you think your company is one of the Best Places to Work in Kentucky, apply today. Friday, Oct. 29, 2010, is the application deadline. Registration information and further details about the program can be found online at www.bestplacetoworkky.com.



Best Companies Group will survey participating companies and reveal award winners in January 2011. Award winners will receive their ranking at the awards ceremony on April 20, 2011, in Lexington.

Winners will be selected from two categories: small/medium-sized companies of 25 to 249 employees and large-sized companies consisting of more than 250 employees.



Gov. Steve Beshear, along with members of the Unemployment Insurance Task Force, signs House Bill 5, which will save employers more than \$250 million in total state and federal taxes over a 10-year period.

Beshear signs unemployment legislation

IN LATE JUNE, Gov. Steve Beshear signed House Bill 5, a measure aimed to restore stability to an unbalanced unemployment insurance (UI) system and to shore up the state's depleted UI Trust Fund. The legislation is based on recommendations by a task force which included Kentucky Chamber President and CEO Dave Adkisson, as well as business and labor representatives and lawmakers.

House Bill 5 modernizes the state's unemployment tax and benefits structure. Beginning in 2012, the law increases the taxable wage base from \$8,000 to \$12,000 over a 10-year period, while saving employers more than \$250 million in total state and federal taxes.

Chamber membership gives you buying power

KENTUCKY CHAMBER Power Buys save you money, reduce time-consuming activities and help you stay competitive in today's marketplace. From discounts on health insurance, payroll deduction programs, employee recruitment and office supplies, we've developed the following partnerships with you in mind. So, please take advantage of your membership!

CHAMBERADVANTAGE, 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. Participants in ChamberAdvantage receive:

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

The program is available to organizations with two to 99 eligible employees and offers more

than 40 flexible health benefit plans, including consumer-directed plans. Seventy-five percent of the net eligible employees must participate.

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.

LEXMARK offers Chamber members and their employees an exclusive 25 percent discount on Lexmark printers and 10 percent off ink and toner cartridges.

Call Denise Scott at 502-848-8724 for information about these valuable member benefits.

New employees join Chamber staff



Amanda Bledsoe, joined the Chamber in August as the marketing manager.



Charles George, joined the Chamber in July as public affairs manager.



Chad Harpole, re-joined the Chamber in June as director of public affairs.



Denise Scott, joined the Chamber in July as director of member services.

A Kentucky Chamber of Commerce Publication
August 2010

Kentucky Chamber News is published six times per year by the Kentucky Chamber of Commerce

Publisher: Dave Adkisson
Editor & Designer: Jessica Fletcher

464 Chenault Rd.
Frankfort, KY 40601
www.kychamber.com

For address changes and subscription information, call Member Services at 502-848-8739. For advertising information, contact Andrea Flanders at 502-848-8723.

VALUABLE CHAMBER SERVICES

ChamberAdvantage

502-848-8724

Group health insurance underwritten by Anthem Blue Cross and Blue Shield

Office Depot Discount Program

502-848-8724

Office products and services with free next-day delivery

Paychex

1-877-282-6880, ext. 50903

Payroll processing and payroll tax administration

Lexmark

502-848-8724

Discounts on Lexmark products exclusively for Chamber members

Small Business Navigator

502-330-5492; sbnav@kychamber.com

General guidance on state requirements and a variety of resources available to small businesses in Kentucky

Business Seminars and Publications

502-848-8727

Cutting-edge seminars and resource materials covering a variety of workplace topics



Our health connects us.™

We all influence the health of those around us, especially in the work place. As an employer, you have a tremendous effect on employee health by the examples you set and the health care plans you choose. As a Kentucky Chamber member, you're connected to big savings on big benefits for your small business. Help employees get more involved in their health care with consumer-driven HSA, HRA and HIA plans, or choose from more traditional solutions. Either way, you can build a complete benefits package — including preventive care and prescription coverage — with one-stop shopping convenience.

Talk to your broker, call the Kentucky Chamber at 800-431-6833 or visit group.anthem.com/kcoc for more information.



HEALTH | DENTAL | VISION | LIFE | DISABILITY

"FRONT DOOR TO FRANKFORT" DEDICATED

Through generous support from its members, the Chamber was able to complete a renovation of its headquarters that was four years in the making. On April 20, Gov. Steve Beshear and more than 100 Kentucky business leaders joined Chamber staff members as the newly renovated facility – dubbed the "Front Door to Frankfort" – was dedicated. The \$3.2 million facility, funded in large part by donations and sponsorships from members, is now 17,000 square feet – a 70 percent increase in space. The building features state-of-the-art technology and is now linked to the state's videoconferencing network.



ADVOCACY EFFORTS DURING LEGISLATIVE SESSIONS SAVE EMPLOYERS MILLIONS

The Kentucky Chamber's advocacy efforts during the 2010 General Assembly and Special Session saved the Kentucky business community an estimated \$294.1 million per year – an average of \$4,699 per year for each Kentucky business. Defeating legislation such as House Bill 13 (which would have imposed sales tax on janitorial services, armored car services, exterminating and pest control services and other vital services) and House Bill 530 (which would have changed Kentucky's tax code), the Chamber was able to generate real savings for Kentucky's business community.



CHAMBER WORKS WITH LEGISLATORS, LABOR AND RETAIL GROUPS TO FIX UNEMPLOYMENT INSURANCE SYSTEM

In June, Gov. Steve Beshear signed House Bill 5 into law – a measure aimed to restore stability to an unbalanced unemployment insurance system and to restore the depleted UI Trust Fund. The bill signing was the culmination of a year of work by the Kentucky Chamber, legislators and other business and labor



groups who worked on a task force to come up with a long-term solution to stabilize the system and bring savings to Kentucky employers. Over the next decade, the fix will save Kentucky employers an estimated \$250 million, and will save the system an estimated \$750 million.

CHAMBER RECEIVES FAVORABLE ADVISORY OPINION

In March, the Kentucky Registry of Election Finance advised the Kentucky Chamber that the statewide business organization and its members may make independent expenditures in support of political candidates, also known as express advocacy. The advisory opinion was issued in response to a Chamber inquiry following a U.S. Supreme Court January 2010 ruling that the First Amendment protects the right of corporations to make independent expenditures to advocate the election or defeat of candidates.

CHINA TO BECOME CHAMBER'S FIRST DESTINATION FOR INTERNATIONAL BUSINESS MISSION

In September 2010, the Chamber will embark upon its first international business mission. Chamber members will visit Beijing, Shanghai, Suzhou and Hangzhou, learning about China's growing economy and culture.



CHAMBER CONTINUES FOCUS ON WELLNESS

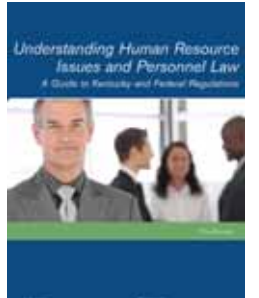
Expanding on one of its five goals in the strategic plan, the Chamber took several steps in 2010 to make Kentucky a healthier place to live and work. In February, the second worksite wellness conference was held, teaching employers from across the state how to make their workplaces healthier. The Chamber took its own advice in October, adding cash incentives to its own worksite wellness program. The incentives reward staff members for participating in healthy behaviors like regular checkups, smoking cessation and weight loss. The Chamber also received national attention for its wellness partnership with the Kentucky Department for Public Health when the Chamber's Worksite Wellness coordinator, Teresa Lovely, was featured in a front-page article in Health Promotion Practitioner newsletter.



Updated HR book answers frequently asked questions

BUSINESSES ACROSS Kentucky rely on *Understanding Human Resource Issues and Personnel Law*, authored by the law firm of Fisher & Phillips, to answer important questions, which can easily be searched via the thorough index.

This comprehensive guide addresses such topics as hiring independent contractors, wage and hour issues, civil rights, harassment, military service and employee benefits. *Understanding Human Resource Issues and Personnel Law* answers the following questions:



- May an employer secretly tape a telephone conversation or meeting with an employee?
- May an employer access e-mail or voice mail of employees for any reason?
- May disciplinary action be taken based on misuse?
- May an employer put a hidden camera in the work area to determine whether an employee is engaged in misconduct of any kind?

To order your copy, visit us online at www.kychamber.com/bookstore or call Casey Adams at 502-848-8727.

UPCOMING SEMINARS

| | | |
|--|--------------|------------|
| 26th Annual Kentucky SHRM Conference Sept. 29-Oct. 1, 2010 | \$499/\$599 | Louisville |
| 13th Environmental Permitting & Reporting Conf. October 13-14, 2010 | \$795/\$995 | Lexington |
| 3rd Thursday at 3 (Topic TBA) October 21, 2010 | \$75/\$99 | WEB |
| Forklift Safety Training November 9, 2010 | \$299/\$399 | Lexington |
| OSHA 10-Hour General Industry Course December 7-8, 2010 | \$495/\$595 | Lexington |
| OSHA 30-Hour General Industry Course December 7-10, 2010 | \$895/\$1095 | Lexington |

Price* = Member/Non-Member
** = pricing rates listed at www.kychamber.com



Every Picture Tells A **STORY!**

Corporate & Editorial Photography



TIM WEBB
PHOTOGRAPHY
WWW.TIMWEBBPHOTOGRAPHY.COM

Commitment

Experience

Integrity

Execution

Insurance

We get it!



www.arisoninc.com
502.429.7800

Trusted Advisor. Trusted Partner.

Kentucky schools moving ahead, but gains are slow in some areas

KENTUCKY'S SCHOOLS are making real progress – measurable progress – but we've got a lot of work to do if we are going to achieve our state's goals. That statement is a reflection of the reality in our schools, universities, and community and technical colleges. The following summary shows where Kentucky education has moved ahead or stalled over the past year. For a detailed view, download *The New Agenda for Kentucky Progress Report* and the *Postsecondary Education Progress Report* at kychamber.com.



Kentucky worked with 48 other states to develop common academic standards to ensure that students across the country will be educated at the same level. The standards are compared to what students learn in countries whose education systems rank as the best in the world. Kentucky was first to adopt these standards.

The Kentucky Long-Term Policy Research Center's "Index of Kentucky's Educational Progress" concluded that the state moved from a national ranking of 43rd in 1992 to 32nd in 2009 on an index based on 11 performance indicators that include dropout rates, ACT scores and education attainment levels.



National tests – formally known as the National Assessment of Educational Progress – have found Kentucky students performing well. Our 4th graders outscored the nation on the 2009 reading test and tied the nation on math. At the 8th-grade level, Kentucky students outscored the nation in reading in 2009.

Kentucky's high school dropout rate improved, declining to its lowest level since Kentucky began the current tracking method 15 years ago, falling from 3.3% in 2008 to 2.9% in 2009. However, the state's graduation rate declined to 83.9% in 2009 from 84.5% in 2008.



More young adults are getting bachelor's degrees. In the past eight years, Kentucky's rate of increase in the percentage of people age 25-34 with bachelor's degrees has exceeded the national rate.

Transferring between colleges should improve. Another continuing challenge: transfers from two- to four-year institutions are increasing, but very slowly. Legislation enacted by the 2010 General Assembly is expected to make the transfer process easier for students.



Tuition continues to go up, but at a slower pace than the previous decade as a result of the Council on Postsecondary Education establishing ceilings for tuition and fees at the state's public institutions.

TAX CLIMATE MATTERS

New national rankings show Kentucky improving

BUSINESSES MAKE LOCATION and expansion decisions based on several factors. Among them: the availability of a skilled workforce, education quality, proximity to markets, labor issues and, of course, taxes. It is in that last category that Kentucky has made significant progress in recent months – even if the change hasn't generated headlines across the state.

The 2010 State Business Tax Climate Index from the Tax Foundation ranks Kentucky 20th in the nation on this important indicator. The ranking is significant in its own right – putting Kentucky in the top half of states. But it is even more noteworthy because of the change it represents: Kentucky jumped up from No. 34 in the 2009 index – the greatest gain of any state in the nation.

As the Tax Foundation pointed out:

"Kentucky rose through the ranks faster than any other state this year, up 14 spots from 34th best in the 2009 Index to 20th this year. That might be surprising to Kentuckians who have not seen much change in their tax system, but sometimes standing fast is a virtue. Many economically damaging changes were enacted in other states that previously ranked better than Kentucky. This was particularly true in the personal income tax, where Kentucky saw gains as other states added more brackets with higher rates."

Kentucky's lawmakers are to be commended for holding the line on new or increased taxes during these tough economic times. Not only did their leadership heighten the state's national profile, it also will better position Kentucky and its employers for recovery. The action indicates that our legislators understand what the Tax Foundation describes in the latest Business Tax Climate Index as the two rules of improving a state's competitiveness:

1. Taxes matter to business. Business taxes affect business decisions, job creation and retention, plant location, competitiveness, the transparency of the tax system, and the long-term health of a state's economy. Most

importantly, taxes diminish profits. If taxes take a larger portion of profits, that cost is passed along to either consumers (through higher prices), workers (through lower wages or fewer jobs), or shareholders (through lower dividends or share value). Thus, a state with lower tax costs will be more attractive to business investment, and more likely to experience economic growth.

2. States do not enact tax changes (increase or cuts) in a vacuum. Every tax law will in some way change a state's competitive position relative to its immediate neighbors, its geographic region, and even globally. Ultimately it will affect the state's national standing as a place to live and to do business. Entrepreneurial states can take advantage of the tax increases of their neighbors to lure businesses out of high-tax states.

Kentucky's 20th-place ranking improves its position relative to surrounding states. Ohio, unchanged from its 2009 position of 47th, is among the worst-ranked states in the nation. The performance of other neighbors:

- Illinois: down from 23rd to 30th
- Indiana: up from 14th to 12th
- Missouri: consistent at 16th
- Tennessee: down from 17th to 22nd
- West Virginia: down from 36th to 37th

The improved overall ranking doesn't mean that Kentucky has a consistently strong performance in all business taxes, of course. The index is based on several components that are weighted based on how much they vary from state to state. Personal income tax is the most heavily weighted, followed by sales, corporate income, property and unemployment insurance.

Kentucky's national ranking on the individual components for 2010 was:

- Corporate income tax: 42
- Personal income tax: 32
- Sales tax: 7
- Unemployment insurance tax: 36
- Property tax: 19

These figures show that the state, while making progress, still has room for growth in creating a business-friendly environment when it comes to taxation.



By Dave Adkisson, Kentucky Chamber President & CEO

Experience HR.



26th Annual Kentucky SHRM Conference

Sept. 29 – Oct. 1, 2010 • Louisville, Ky.

Kentucky International Convention Center • Louisville Marriott Downtown

Each year the Kentucky SHRM Conference brings you

- Compelling keynote speakers
- Valuable educational sessions
- Respected speaking professionals
- A diverse exhibit hall
- Exceptional networking opportunities

Receive practical information that can be applied to the real issues you face every day on the job. Gain the HR knowledge that is crucial to the success of your career and your organization.

Exhibitor and sponsor opportunities available.

Contact Andrea Flanders for more information.
phone: 502-848-8723 • e-mail: aflanders@kychamber.com

New at this year's conference!

More ways than ever to get the strategic recertification credit hours you need.
17 hours preapproved!

Preconference Workshop

One full day of strategic training. Come to Wednesday's Strategic Consulting Skills for HR Business Partners and receive 75 strategic credit hours towards your SPHR or GPHR certification.

Advanced Strategic Track Workshops

These advanced topic workshops have been pre-approved by HRCI for 95 strategic credit hours.



Register today at www.kyshrmconference.com.

CEOs, educators, and policymakers discuss ideas to move Kentucky forward



EDUCATION

During the Economic Summit, Fredrick Hess, Ph.D., resident scholar and director of education for the American Enterprise Institute for Public Policy Research, challenged business to be bold when considering what they ask of education leaders. Hess advised business leaders to push for accountability and results when education leaders asked for more funding. He suggested business leaders help schools manage better through improved data and IT systems and investing in strong HR practices. He also advised business to offer the assistance of attorneys to superintendents and principals when negotiating contracts. "Business should provide productive volunteers, not just employees to read a book to a class once a week," stated Hess.

Terry Holliday, Ph.D., Kentucky Commissioner of Education, addressed the crowd at the Summit and shared his thoughts on the current education climate in Kentucky. Holliday shared valuable education data for Kentucky and predictions for the future needs of the state. He noted that one in four Kentuckians currently has either an associate's or bachelor's degree. Holliday added that by 2018, 54 percent of jobs will require postsecondary education, and higher paying jobs will go to other states with a more educated population if Kentucky doesn't increase the number of college-educated citizens. He encouraged employers to set high expectations for their employees, children and grandchildren and hold school systems accountable for graduation rates and preparing students to be college and career ready.



Terry Holliday, Kentucky Commissioner of Education



House Speaker Greg Stumbo and Senate President David Williams

GOVERNMENT MODERNIZATION

In a detailed discussion of modernizing Kentucky government, Senate President David Williams and House Speaker Greg Stumbo offered insight on how Kentucky can better address its fiscal challenges. In a wide-ranging discussion moderated by KET host Bill Goodman, the state's top two legislative leaders addressed Kentucky's corrections system, Medicaid program, public employee health insurance costs and the unfunded liability in Kentucky's pension systems. Williams and Stumbo reacted to the Chamber's Leaky Bucket report and detailed how the recently passed budget began to address some of the state's most pressing fiscal issues.

Stumbo focused on the need to increase the use of community corrections to lower prison costs. Williams pointed to the state's underfunded pension system, calling it a death spiral that would take taxpayers down with it. Both expressed concerns about the governor's veto of the public employee health insurance savings and both leaders noted the General Assembly will have to exercise increased scrutiny during the budgeting process.



HEALTH & WELLNESS

Brian Caveney, M.D., community and family medicine faculty at Duke University Medical Center made the case that businesses should care about how out-of-



Brian Caveney, M.D.,
Duke University

shape employees are affecting their bottom lines. Sharing impressive and shocking data, Caveney noted that the cost of employing obese individuals is significant. Obesity is responsible for 27 percent of health insurance cost increases and increased workers' compensation claims. He encouraged employers to

find ways to intrinsically motivate employees to adopt healthy life habits that will, in turn, help their bottom line.

GLOBAL COMPETITIVENESS

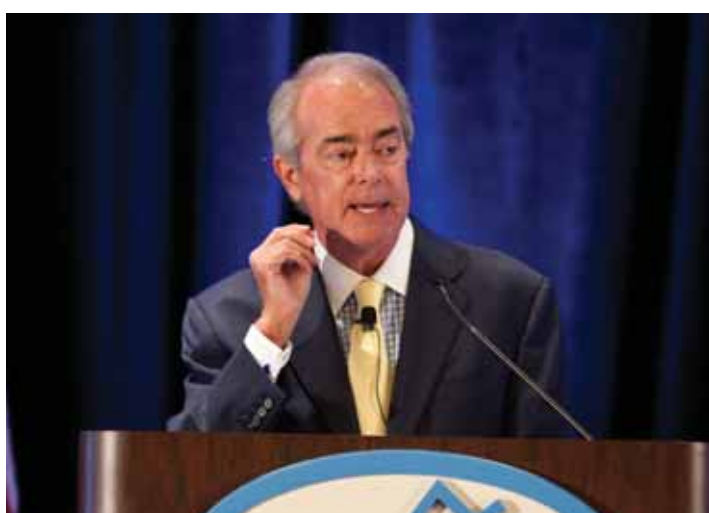
UPS Chief Operating Officer David Abney provided the opening presentation of the Summit saying international trade should be part of the business strategy for any ambitious company. He discussed global opportunities and encouraged companies to look for



John Allison, retired chairman
and CEO of BB&T

opportunities in emerging global markets, particularly those in China. He emphasized the need for business and government to be partners and noted that education is a critical economic development issue. Abney also noted employees should be encouraged to allow their creativity to bring innovative ideas to the business environment.

During a keynote presentation, John Allison, retired chairman and CEO of BB&T, shared his thoughts on the causes and consequences of the financial crisis. Allison stated that government housing policies and the policies of the Federal Reserve, FDIC, and SEC were the primary causes of the crisis. Government misregulation and not deregulation of the financial industry in these areas did not allow the market to take its natural corrective course, he noted. He explained the core values of purpose, reason and self esteem would be responsible in the long term for bringing the country out of the crisis.



Duke Energy Chair, President and CEO Jim Rogers

ENERGY

Duke Energy Chair, President and CEO James Rogers, noted during his presentation that the entire energy industry will change dramatically over the next 40 years. It will require the creation of smart grids and greater use of alternative and renewable resources. Nearly all of the experts agree Kentucky coal is under scrutiny from the media and public perception, but it must remain a viable source of energy because of its cost and abundance. Along with coal, Kentucky has an opportunity to diversify its energy portfolio thanks to renewable energy such as hydro-electric power and biomass, including coal-firing utility plants using a combination of Kentucky coal and biomass.

During a panel discussion on energy later in the day, energy experts discussed the trend that predicts Kentucky will need 40 percent more energy by 2025. Kentucky currently is one of the highest per-capita energy consumers in the nation, demonstrating the need to increase energy efficiency in the Commonwealth. Kentucky has high industrial demand because its economy relies heavily on energy-intensive industries such as auto manufacturing and the aluminum and steel industries.





"I believe that the deficit in front of us is the greatest danger that the United States has ever faced."

- TED KOPPEL

PHOTOS CLOCKWISE FROM LEFT: During the Kentucky Chamber's Annual Dinner on July 13, former *Nightline* Anchor Ted Koppel discussed his career in broadcast journalism and the state of current affairs. During an hour-long discussion that included questions from audience members, Koppel said, "I believe that the deficit in front of us is the greatest danger that the United States has ever faced."

Kentucky Chamber Chairman Bill Jones, community division manager for U.S. Bank, discusses the Chamber's accomplishments in 2010 at the Annual Dinner.

Dave Adkisson, Kentucky Chamber president and CEO, speaks at the Chamber's Annual Dinner.

Billy Harper, president of Harper Industries in Paducah, asks Ted Koppel a question during the Annual Dinner.

Rick Hess, American Enterprise Institute, discusses business' role in education during his presentation "Has Business Been Bold Enough?" during the Economic Summit.

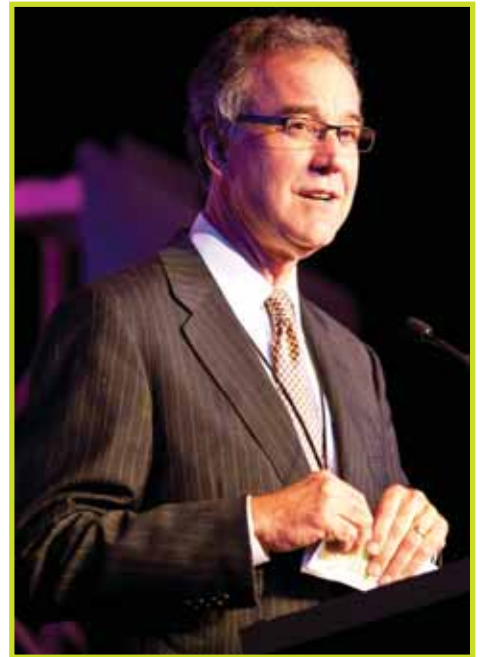
A chef from Blu restaurant in Louisville displays his creations during the Taste of Kentucky Reception, sponsored by Crowe Horwath, on July 12.

Al Cross, director of the Institute for Rural Journalism and Community Issues, takes notes during the Chamber's Economic Summit.

TOP RIGHT: Attendees network at a reception before the Chamber's Annual Dinner.

BOTTOM RIGHT: Chamber Director of Finance and CFO Patrick Merchak, and Vice President of Membership and Marketing Carlos Phillips, speak with John Harryman, chamber board member and president of Norton Suburban Hospital at the Economic Summit.

Photos by Kellie Carter





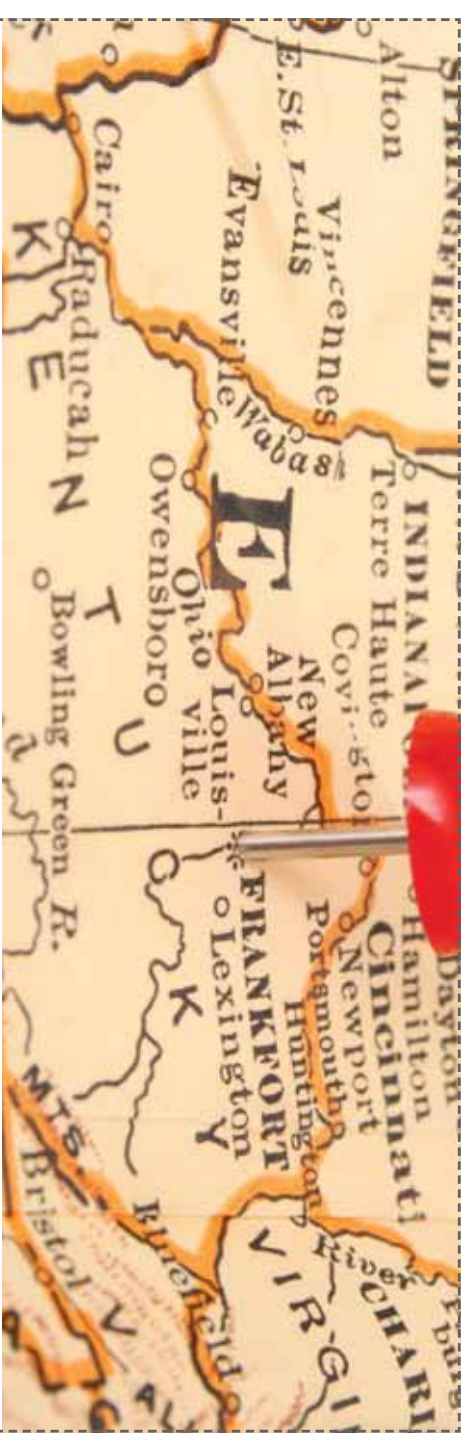
Kentucky Chamber

NEWS



New Agenda 2010 Progress Report:

Kentucky moving ahead, but gains slow in some areas



Proudly serving our clients throughout the Bluegrass since 1952, Greenbaum's attorneys are committed to keeping clients well-informed on industry trends and issues — staying on the forefront of knowledge and bringing breakthrough ideas to the practice of law. Depth of legal experience, strategic thinking and extraordinary attention to detail. That's **BREAKTHROUGH LAW**®.

Where we stand amongst our peers

In *The Best Lawyers in America 2010* listing for Kentucky, based on the number of attorneys listed in each category:

- ✓ Ranked #1 in Kentucky in the field of Antitrust Law.
- ✓ Ranked #1 in Kentucky in the field of Appellate Law.
- ✓ Tied for #1 in Kentucky in the field of Commercial Litigation.
- ✓ Ranked #1 in Kentucky in the field of Corporate Law.
- ✓ Ranked #1 in Kentucky in the field of Ethics and Professional Responsibility Law.
- ✓ Tied for #1 in Kentucky in the field of Insurance Law.
- ✓ Ranked #1 in Kentucky in the field of International Trade and Finance Law.
- ✓ Ranked #1 in Kentucky in the field of Mergers & Acquisitions Law.
- ✓ Tied for #1 in Kentucky in the field of Securities Law.
- ✓ Ranked #1 in Kentucky in the field of Tax Law.
- ✓ Tied for #1 in Kentucky in the field of Water Law.



Lexington | Frankfort | Louisville | Covington | Cincinnati

888.779.1155 | www.greenbaum.com

THIS IS AN ADVERTISEMENT