

2017

*State Legislative
Agenda*



GREATER MEMPHIS CHAMBER



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2017 LEGISLATIVE AGENDA

Executive Summary

ECONOMIC DEVELOPMENT AND JOB GROWTH

Strengthen State Business Assistance Tools: Adjust economic development incentives to attract and retain businesses and to ensure that Tennessee is competitive in its efforts to bring jobs and investment to our state. Specifically, changes are needed to the Resurgence Tax Credit and the Brownfields Tax Credit to encourage strategic investments in distressed communities and to spur revitalization of properties that contribute to the blighted condition and deterioration of our neighborhoods. Also, adjustments to current programs that provide funding for economic development activities like site development and infrastructure improvements to allow their use for a limited number of qualifying brownfield properties in economically distressed urban neighborhoods will spur job growth.

Historic Tax Credits: Support updates to the tax credit structure to incentivize rehabilitation of historic property to spur job creation and economic development activity.

St. Jude: Obtain continued multi-year state support for infrastructure improvements, blight remediation and economic development activity to support to expansion of the St. Jude Children's Research Hospital campus and the creation of 2000 new high-paying jobs and over \$1 billion of capital investment which will benefit the state and the surrounding Memphis Medical District, which includes the University of Tennessee Health Science Center, the Methodist and Le Bonheur campuses, the Baptist College of Health Sciences, and the Memphis Veteran's Administration Medical Center.

Business Friendly Environment: Support an inclusive and non-discriminatory business environment to help attract the best talent and foster tourism and economic growth in the state of Tennessee.

Deannexation: Ensure that any changes to the deannexation process are data-driven, inclusive of local input, and factor into account the impact on businesses and local tax rates.

Level Playing Field for Tennessee Businesses: Support the state's efforts to level the playing field of competition by requiring out-of-state businesses to collect and remit sales taxes upon reaching \$500,000 in sales in Tennessee.

Support for Entrepreneurs: Seek state funding to leverage significant local investments in entrepreneurship and job creation programs that bring innovation, people and jobs to Tennessee through the Epicenter.

EDUCATION & WORKFORCE DEVELOPMENT

Improve Quality of Early Childhood Education: Advocate for further improvements to child care that is connected to Pre-K education. Specifically, support improvements to the childcare facilities that better incentivize high-quality leadership, instruction, curriculum and parental involvement.

Remove Barriers to Entry to the Workforce: Support measures to improve the participation of individuals with criminal records in the workforce. These measures include expungement reform efforts such as reducing the expungement fee and broadening expungement eligibility. We also support hiring processes that move disclosure of an individual's criminal record until later in the employment application phase, which will improve the likelihood of these individuals being hired and successfully entering the workforce.

Expansion of Tennessee Promise Eligibility for High-Performing Programs: Expand Tennessee Promise eligibility for designated private technical education programs with high graduation and employment placement rates that provide the skills and education for students to successfully enter the job market and to expand the workforce for employers, and/or supporting collaboration between these institutions and public programs to address employers' needs.

Expanded Skilled Workforce through College/Career Training Pipelines: Support funding to build on current LEAP investment by expanding a dual enrollment Career and Technical Education program in Shelby County to connect students to pathways to postsecondary education and higher skills.

TRANSPORTATION & INFRASTRUCTURE

Support Major Road Priorities: Advocate for major road priorities that will effectively improve transportation and logistics related connectivity for goods, services and people to the Tennessee and the Memphis region, including the Lamar Avenue/I-22 project and the 385/I-69 corridor.

Infrastructure Funding: Support enhanced infrastructure funding that is designated exclusively for improvements to highways, roads and bridges.

HEALTHCARE

Medicaid: Support initiatives to provide access to health coverage to working Tennesseans living at or near the federal poverty level to support a healthy workforce and reduce increased costs to businesses.

2017 LEGISLATIVE AGENDA

ECONOMIC DEVELOPMENT AND JOB GROWTH

A renewed effort is needed to provide a business friendly environment that will help Tennessee retain and attract businesses and talent to the state. This effort should include updating economic development incentives and other tools that are essential to economic growth in Tennessee. These incentives support economic development by helping to expand existing business operations, but also help to attract new businesses that offer jobs that are vital to sustaining and growing our economy.

Other economic development priorities include creation of state historic tax credits to encourage revitalization and investment in our communities; ensuring that we maintain a business-friendly environment that is inviting to businesses who want to invest in our state; ensuring a stable and predictable tax rate for our businesses; ensuring a level playing field for Tennessee companies; and investing in programs that support the development of entrepreneurs.

Strengthen State Business Assistance Tools

Background: Adjustments are needed to economic development incentives to attract and retain businesses and to ensure that Tennessee is competitive in its efforts to bring jobs and investment to our state. The Resurgence Tax Credit, which encourages businesses to invest and create jobs in some of our struggling neighborhoods by providing for franchise and excise tax credits for creation of 10 or more jobs in high-poverty census tracts, is an under-utilized incentive due to the current wage requirement. The current laws that authorize incentives for brownfields sites that often contribute to the blighted condition and deterioration of our neighborhoods are infrequently used because they are not expansive enough to attract companies to these areas.

Request: The Greater Memphis Chamber supports an amendment to the existing Resurgence Tax Credit legislation to adjust the wage threshold so that businesses will be incentivized to invest in these areas. We also support updates to the existing legislation that provides for Franchise and Excise Tax Credits on investment in Brownfields properties, so as to adjust the requirements in a manner that will provide meaningful incentives to encourage redevelopment and to spur revitalization of properties that contribute to the blighted condition and deterioration of our neighborhoods. Additionally, we support adjustments to current programs that provide funding for economic development activities like site development and infrastructure improvements to allow their use for a limited number of qualifying brownfield properties in economically distressed urban neighborhoods in Shelby County.

Historic Tax Credits

Background: Underutilized and abandoned property in districts across the state contributes to blight and deterioration of our communities. Without rehabilitation incentives, these properties burden municipal tax rolls, because unpaid taxes accrue that adversely impact economic development.

Request: Creation of historic rehabilitation investment incentives to create jobs and revitalize main streets in downtown areas across the state. Tennessee’s economy can reap the benefits derived from a state historical tax credit, which can be paired with the federal Historic Tax Credit to provide even greater capital investments to much needed communities. These incentives will lead to new businesses, jobs, more tax revenue and will spur community revitalization. Thirty-six states, including all of the states surrounding Tennessee, have enacted these incentives to rehabilitate historic buildings and revitalize communities. Creation of these incentives will level the playing field and encourage investment in our cities and towns.

Strategic Infrastructure Support for St. Jude Expansion

Background: St. Jude Children’s Research Hospital recently set forth an ambitious six year vision that would be transformational for Memphis as a city and for the Memphis Medical District as a national beacon for health science and research. That plan, which depends on public support and funding, would generate substantial investment and spending in the state over six years and create significant new jobs. It is an economic engine that also could attract new businesses, generate new tax revenues and transform the Pinch, Medical District and Crosstown areas into even greater economic assets for the city and state. This rare level of focused investment in Memphis will provide benefits that extend statewide, bringing national and global attention to Tennessee.

Request: Obtain continued multi-year state support for infrastructure improvements, blight remediation and economic development activity to support to expansion of the St. Jude Children’s Research Hospital campus and the creation of 2000 new high-paying jobs and over \$1 billion of capital investment which will benefit the state and the surrounding Memphis Medical District, which includes the University of Tennessee Health Science Center, the Methodist and Le Bonheur campuses, the Baptist College of Health Sciences, and the Memphis Veterans Administration Medical Center.

Business Friendly Environment

Background: Several states, including Tennessee, have passed legislation that allows service providers to deny services to those based on social issues and have also considered legislation that would call for public schools and universities to require students to use the restrooms that matched their gender at birth. These proposals are harmful to Tennessee’s economy in a number of ways. Tennessee, like other states that have enacted similar laws, could see a reduction in tourism and conventions held in the state. Tennessee could have difficulty attracting and retaining the talent necessary to build a high-skilled workforce. Lastly, these measures make it difficult to attract new businesses seeking to relocate, which prevents new investments in communities, and represents missed opportunities to add new jobs and incomes to the economy. As evidence of the potential harm, since Tennessee adopted “the counseling bill,” two conventions were cancelled, including The American Counseling Associations 2017 Convention that resulted in a loss of 4000 plus visitors to the state.

Request: The Greater Memphis Chamber supports a commitment to provide equal treatment of all Tennesseans and visitors to maintaining Tennessee’s strong brand as a growing and exciting home for business innovation, economic development, a best-in-class workforce, and dynamic entertainment, travel and tourism industries. In order for Tennessee businesses to compete for top talent, we support a commitment that our workplaces and communities be

diverse and welcoming for all people, regardless of race, sex, national origin, ethnicity, religion, age, disability, sexual orientation or gender identity.

Deannexation

Background: During the 2016 session of the Tennessee General Assembly, legislation was considered which, had it been approved, could have resulted in the chaotic and immediate deannexation of a number of municipal areas across the state. This would have posed challenges to governmental entities in the provision of service delivery to constituents and businesses, and could have resulted in significant tax increases for citizens and businesses located in affected counties.

Request: Ensure that any changes to the deannexation process are transparent, data-driven, inclusive of local input, and factor into account the impact on businesses and local tax rates.

Level Playing Field for Tennessee Businesses

Background: The Tennessee Department of Revenue is considering changes to its rules to require that out-of-state companies with more than \$500,000 in annual online sales in Tennessee collect and remit state sales tax. As consumers have increasingly turned to online commerce, Tennessee businesses –those who collect and remit the sales tax upon which so much of our state budget relies--are placed at a competitive disadvantage, and the state loses significant revenue as well.

Request: Support the state's efforts to level the playing field of competition by requiring out-of-state businesses to collect and remit sales taxes upon reaching \$500,000 in sales in Tennessee.

Support for Entrepreneurs

Background: The Greater Memphis Chamber's Chairman's Circle and the Memphis corporate community have committed to an entrepreneurship mission that will enable 1,000 entrepreneurs by starting 500 companies in Memphis by 2020. This culminated in the creation of the Entrepreneurship-Powered Innovation Center (EPIcenter). EPIcenter serves as the single front door and point of accountability for entrepreneurs in the Greater Memphis area by directing and coordinating existing resources, as well as developing and leading new programs in key strategic areas. Experience, best practice and research provide that a significant investment in similarly situated entrepreneurial networks leads to at least a 3.5x impact on results. This means that impact areas typically tracked by these types of initiatives, such as capital invested, ideas and technologies evaluated and brought to market, companies launched, jobs created, talent attracted (and retained), creative pools of capital added across the continuum, venture funds active, firms acquired, inventions licensed, minority participation, community wealth creation and unemployment levels, are all improved by at least three times the current condition.

Request: Support the \$10 million state funding request over the next five years of the EPIcenter that enhances the entrepreneurial ecosystem of the Greater Memphis Region while leveraging other philanthropic, private sector, public sector and individual support. The \$10 million will allow EPIcenter to leverage a \$2.5 million start-up investment and an additional 2x annual support from other sources.

EDUCATION & WORKFORCE DEVELOPMENT

Improve Quality of Early Childhood Education

Background: Research has provided an ample amount of evidence that the critical years in childhood development are between birth and age three. These critical years can determine, among other things, a child's skill level for future employment. Improving quality of early childhood education for kids ranging from birth to three years of age aligns with the improvements to the Voluntary Pre-K program that were adopted by the General Assembly last year. Greater emphasis will be placed on improving standards and support in the areas of leadership, teacher development, and parental involvement in childcare facilities.

Request: Support continued strengthening of early childhood education programs that are consistent with efforts to provide high-quality Pre-K.

Removing Barriers to Entry to the Workforce

Background: The demands of the 21st century economy require Tennessee removing other barriers that stand in the way of businesses possessing an adequate workforce. Individuals with criminal records face tremendous odds at securing employment and face evening higher barriers in career advancement. An individual with a criminal record makes, on average, 40% less than an individual without a record when holding all other factors equal, including education, age and ethnicity. The lost opportunity for improved career advancement and wage growth results in up to \$209,000,000 in lost wages to the Shelby County economy each year, and represents a loss in tax revenue to improve education, job training, and update the infrastructure in the greater Memphis area.

Request: The Greater Memphis Chambers supports proposals to remove barriers to businesses possessing a thriving workforce. The two components of this involve expungement reform efforts and "banning the box" legislation. First, expungement reform will call for reducing the current expungement fee to reduce the financial burden in place that prevents many individuals from expunging their records, and also will amend other requirements allowing for expungement for non-violent offenses. The second proposal calls for "banning the box", which entails moving disclosure of an individual's criminal record until later in the employment application phase, which will improve the likelihood of these individuals being hired and successfully entering the workforce. Both of these proposals will strengthen the pool of employees in the workforce, which is important for meeting business workforce needs.

Expansion of Tennessee Promise Eligibility for High-Performing Programs

Background: Tennessee Promise funds are critical to providing Tennesseans with an opportunity to obtain education and training that will allow them to obtain good paying jobs and to acquire the skills to meet the demand of companies throughout the state. There are a number of technical schools that possess high graduation rates and a track record of high job placement post-graduation. However, students attending these institutions are not eligible to receive funds from the Tennessee Promise program. While it is important to improve funding for public institutions, expanding access to a limited number of designated private institutions with high graduation and placement rates will help us fill our companies' immediate workforce needs.

Request: The Greater Memphis Chamber supports expanding Tennessee Promise eligibility to a limited number of designated programs at institutions that provide essential skills needed in the job market, that have high graduation rates and a proven record of high post-graduation job placement, and/or supporting collaboration between these institutions and public programs to address employers' needs.

Expanded Skilled Workforce through College/Career Training Pipelines

Background: There is strong evidence that engagement of high school students in dual enrollment programs can connect these students to pathways to postsecondary education and higher skills that result in well-paying jobs. Currently, in Shelby County there is limited articulation between high school Career and Technical Education (CTE) programs and postsecondary programs. The potentially very powerful model of dual enrollment wherein high school and college credit are earned simultaneously in CTE programs would better prepare our students for successful careers.

Request: The Greater Memphis Chamber supports the Greater Memphis Alliance for a Competitive Workforce (GMACW) request for state financial support to build on its current LEAP investment and expand a dual enrollment CTE program in Shelby County with TCAT-Memphis in partnership with high schools in Shelby County. The \$3 million request would fund the following programs:

- a. Kingsbury - Machine Tool Technology
- b. Southwest - Welding Technology
- c. Trezevant - Diesel Power Equipment Technology
- d. Sheffield - Advanced Manufacturing
- e. Arlington High School - Welding Technology
- f. Millington High School - Advanced Manufacturing

TRANSPORTATION & INFRASTRUCTURE

Memphis is a leading logistics and freight center in the U. S. and globally and has been successful in recruiting both logistics and manufacturing companies that rely on our location and transportation infrastructure. There is intense competition for these companies and jobs and it is essential to continually enhance our infrastructure to retain our competitive edge.

Background: The Chamber's Regional Logistics Council Transportation Committee developed the following list of road priority projects based on economic development factors such as job creation and freight movement. The Transportation Committee then submitted its priority project list to the MPO, which was used, in addition to such factors as congestion relief and safety considerations, in the development of the final MPO list. Since last year, the I-55/Crump and SR-14 (Singleton to 385) projects have secured funding. We support continued construction of these important transportation corridors.

Request: Support the top major road priorities, which add connectivity to our Memphis region and encourage TDOT to advance each of the projects in partnership with Memphis. The top three projects on the MPO list are three segments of Lamar Avenue. Also, we support

enhanced infrastructure funding that is designated exclusively for improvements to highways, roads and bridges.

Project	Description	City	NHS or STP	Grand Total Max (32)	Ranking
LAMAR	MS STATE LINE TO GETWELL	M	NHS	31	1
I-240/AIRWAYS BLVD	INTERCHANGE IMP	M	NHS	31	2
I-55/CRUMP	INTERCHANGE IMP	M	NHS	30	3
MISSISSIPPI RIVER BRIDGE	UNKNOWN LOCATION	S	NHS	30	4
I-69	CHELSEA TO SR 385	S	NHS	29	5
I-55/HOLMES	INTERCHANGE/ROAD IMPROVEMENT	M	NHS/STP	28	6
1-240 MIDTOWN (I-69)	I-55 TO I-40/I-240	M	NHS	26	7
I-40/SECOND	INTERCHANGE	M	NHS	24	10
US 70	I-40 TO ELMORE	M	NHS	24	10
SR 14 (AUSTIN PEAY)	SINGLETON PRKWAY TO SR 385	S	NHS	20	11
POPLAR AVENUE	YATES TO I-240 RAMP	M	NHS	18	12

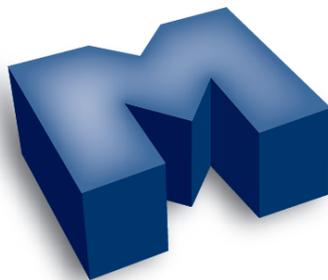
Project	Description	City	NHS or STP	Ranking
PLOUGH/WINCHESTER	INTERCHANGE IMPROVEMENTS	M	NHS	1
US 72	POPLAR AVE TO TN 196	C	STP	2
SOUTHERN POPLAR CORRIDOR	DOWNTOWN TO COLLIERVILLE	M/S	STP	3
N 2 ND STREET	I-40 TO I-69 CORRIDOR	M	STP	4
US 51	CHELSEA TO FRAYSER	M	STP	5

M = MEMPHIS S = SHELBY COUNTY C = COLLIERVILLE
Data provided by Greater Memphis Chamber Transportation Committee.

HEALTHCARE

Background: Providing access to Medicaid to the working poor is important to the Tennessee economy. Currently, over 400,000 Tennesseans are without access to health insurance, many of whom earn too much to obtain coverage under TennCare, but earn too little to afford health insurance on the private market. This includes individuals with disabilities, military veterans, and children. These members make up the uncompensated class of patients who get medical care without insurance, costing non-profit hospitals, on average, \$900 for each additional uninsured patient who seeks medical attention. This places a significant financial strain on hospitals and increases cost to businesses. This problem is especially troubling considering many of our state's health care providers serve the community on a non-profit basis. Providing access to healthcare for the working poor will strengthen the financial stability of hospitals, add money to the economy due to job creation and income from new employees.

Request: Support proposal to provide access to health insurance to Tennessee's working poor, including military veterans, to provide a healthier workforce and to alleviate and prevent increased health care costs to businesses.



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