



Press Release
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House Revenue Plan Falls Short of Meeting Long-Term Needs

**Statement by Terry Brooks,
Executive Director, Kentucky Youth Advocates
On House Bill 530**

The revenue proposal from House leaders includes some forward-thinking steps such as suspending some business tax credits and ensuring that taxes owed are paid. These measures will bring much-needed revenue back into the state budget to help meet the growing needs of Kentucky families.

But these short-term adjustments fall short of what is needed to put the Commonwealth on stable ground for the long haul. There is much talk about the need for “shared sacrifice” but not enough about “shared solutions.” While the proposal put forth in HB 530 appropriately calls on businesses to do their part, it doesn’t ask enough from others. What’s needed is a comprehensive and balanced revenue plan where Kentucky’s tax code reflects the 21st century economy and allows for adequate investment in the state’s future. Otherwise our fiscal foundation will remain shaky for some time to come.

A shared solution to the current economic crisis would mean that in addition to businesses paying their fair share in taxes, the state sales tax would be broadened to include more services (today, consumers spend more on services than goods, but the sales tax has not been updated accordingly), and the state income tax would add new brackets for the highest-income households.

The crisis brought on by a national recession that is shrinking all states’ revenues has been made worse in Kentucky by policy decisions that produced a growing gap in our ability to adequately invest in Kentucky’s future. The problem is simply too big to manage with spending cuts and short-term efficiencies alone. The time is right for a shared solution that involves a balanced approach combining smart spending reductions with revenue choices right for today’s economy. Now is the time to fix Kentucky’s faulty fiscal foundation. Nothing less will do.

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Kentucky Youth Advocates is the home of Kentucky’s Tax and Budget Initiative, a member of the nationwide State Fiscal Analysis Initiative.