



Statement
For Immediate Release
January 6, 2011

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**Tax reform needed in Kentucky but we must ensure children
and families' interests are considered**

**Statement by Terry Brooks,
Executive Director, Kentucky Youth Advocates on SB 1**

We commend Senate President David Williams for calling for a review of Kentucky's inadequate and outdated tax system. We agree that Kentucky needs real tax reform. However, real tax reform needs to take into account the needs of all Kentuckians, and any legislative proposal should undergo full review.

While many details in Senate Bill 1, co-sponsored by Senate President Williams and Senator Bob Leeper, have the potential to establish long-term fiscal health in the Commonwealth, we are concerned that as currently drafted their bill ignores the interests of children and families, and ties the hands of the legislature in reviewing the recommendations of the commission.

The legislation appropriately directs the Council on Revenue Reform to develop a healthy tax system that is adequate, efficient, equitable, predictable, and sustainable. However, the legislation requires that the Council takes the needs of businesses and the economic community into account, but does not ask it to consider the needs of all Kentuckians or recognize that Kentucky's long-term prosperity depends on the well-being of its children.

The legislation should include a wider range of experts for Council members so that the Council is capable of fully assessing the tax system's ability to meet these goals, including experts on the adequacy of Kentucky's revenue base to serve Kentucky's children, families and communities now and in the future. That is important both for our children and for Kentucky's future economic prosperity.

If we want to improve Kentucky's economy, we must focus on developing a better educated work force. We already lack the educated workers we need, and predictions are that gap will grow over the next decade. Developing that work force will be even harder if we deplete the state's revenues by continuing to ignore the inadequacy of our current system, or adopt a system that overly favors the business climate and doesn't provide enough support for key services making an educated workforce possible, like dropout prevention, and preschool programs.

On a January 3 appearance on KET's *Kentucky Tonight* and during the Senate Appropriations and Revenue Committee on January 5, President Williams cited Kentucky's tax structure as the biggest obstacle to economic development and job creation, and mistakenly cites Tennessee as an example for tax reform for Kentucky. In fact, Tennessee's own tax review commission has recommended that

Tennessee move away from its current system dependent solely on sales taxes toward a balanced system like Kentucky's that relies on several forms of taxation.

As SB 1 continues to move through the legislative process, we ask that policymakers consider all Kentuckians, and not just those in the business community. It is also imperative policymakers support this commission as long as it is open and transparent and does not prematurely dictate the policy outcomes of the commission.

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[Kentucky Youth Advocates](#) is home to the Kentucky Tax and Budget Initiative. We work to promote an adequate, sustainable and transparent budget upon which we can build strong public structures and the long-term economic vitality of the Commonwealth.