

**Statement**

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**HJR 5, Legislation Requiring the Study of Economic
Incentives Passes out of House Committee;
Integral to Making Tax Expenditure Accountability a Reality**

Statement by Terry Brooks, Executive Director, Kentucky Youth Advocates

HJR 5, a bill relating to Economic Development Incentive Programs, directs the Legislative Research Commission to engage a consulting firm to study the effectiveness of economic development incentive programs and requires a report by Dec. 1, 2011. At a time when taxpayers are paying more attention to the responsible use of their tax dollars than ever before, this legislation is a solid step toward making sure tax breaks are doing what they are intended to do and we thank House Speaker Pro Temp Larry Clark for championing this important legislation.

Passing HJR 5 shows our policymakers are interested in efficient government operation and there is no better time to send that message to Kentuckians than during a time of economic recovery. As House Speaker Pro Temp Clark pointed out, no one really knows which tax breaks are effective, which ones simply drain state resources, and what impact they really have on Kentucky's economy. The report would include important information for citizens to understand the impact of incentives on the economic growth of the Commonwealth, thus providing real transparency with the use of precious tax revenue. The report would also allow the state to determine whether tax expenditures provide a return on investment.

Improving reporting, as required under House Speaker Pro Temp Clark's proposal, would be an important first step toward ensuring the best use of our tax dollars. The results of such a report would also guide the legislature in deciding what additional steps might be necessary to keep our tax expenditures effective and under control.

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[Kentucky Youth Advocates](http://www.kyyouth.org) 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.