



**Statement**  
For Immediate Release  
March 18, 2011

**Contact:**  
Whitney Neal  
502-895-8167 x 121  
wneal@kyyouth.org

## **Governor Beshear Signs Legislation Requiring Study of Economic Incentives: Important Step for Ensuring Tax Expenditures Meet Intended Goals**

### **Statement by Terry Brooks, Executive Director, Kentucky Youth Advocates**

At a time when legislators are fighting yet another budget battle and taxpayers are paying more attention to the use of their tax dollars, [HJR 5](#) takes a solid step toward making sure tax breaks are doing what they are intended to do. [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. We thank House Speaker Pro Temp Larry Clark for championing this important legislation and the Governor and both chambers of the Kentucky legislature for making this proposed legislation a reality.

HJR 5 passed unanimously out of both the House and the Senate and was signed into law by the Governor yesterday. Passage of this legislation indicates the value our policymakers place on having an efficient government operation, and no better time exists than before the next budget session. 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. This report will provide important information for Kentuckians and policymakers to understand the impact of incentives on the economic growth of the Commonwealth, providing real transparency with the use of precious tax revenue. The report will also allow the state to determine whether tax expenditures provide a return on investment.

Improving reporting, as required under Rep. Clark's proposal, moves Kentucky toward ensuring the best use of our tax dollars. The results of such a report will also guide the legislature in deciding what additional steps might be necessary to ensure our tax expenditures are effectively implemented. While [HJR5](#) will not provide complete knowledge and transparency around state spending for tax expenditures, it is an important step in doing so.

# # #

[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.