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## **Tax cuts and Prosperity**

By Janet Tucker  
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Legislators flocked back to Frankfort last month to cut corporate taxes. And it occurs to me that most Kentuckians are hard pressed to know what was proposed, what deals were cut, and whether any of it is good for Kentucky.

Sure, it is summertime and we're busy with kids and gardens. But there are other good reasons why it is hard for anyone to get an accurate view of our state's financial condition. The fact is leaders in both parties routinely fail to give a full and honest accounting of the long-term financial problems facing our state. You and I are left to sort through the claims and the accompanying smoke and mirrors as best we can. Consider these recent examples:

When Gov. Ernie Fletcher toured Kentucky in late 2004 to promote his plan for tax reform, he carried along a large chart. In Ross Perot fashion he showed that Kentucky was a billion dollars short of the money needed just to maintain existing services. Despite his own compelling evidence, the governor then proposed "revenue-neutral" tax reform.

Many of us in the audience wondered: If the state lacks the money we need to provide a quality education and other basic services, why propose a plan to do nothing.

When lawmakers eventually passed tax reform in 2005, their plan was certified to be "revenue-neutral." Yet written into the plan was a large bubble of new revenue in 2006, followed by several years of declining revenue as corporate tax cuts phased in.

Many of us who care about Kentucky's children wondered: Do schools only need adequate funding in election years?

This winter Kentuckians watched as lawmakers were unable to agree on a tax break for small businesses. The House proposed paying for the desired relief by delaying another tax cut promised to Kentucky's most prosperous companies. The Senate refused.

Recently, the disagreement was resolved in favor of corporate tax cuts of both flavors. Both the smallest and the most successful companies in Kentucky will get their wish. Legislators will give up \$45 million to small businesses and \$72 million to our most profitable corporations over the next two years. The Governor and House Speaker Jody Richards have each assured us that the revenue will not be missed.

Many of us who face hardship wonder: Why is there always enough money for corporate tax cuts, but never enough for textbooks, mine safety inspectors or the families who provide foster care?

As the noise from Frankfort quiets and legislators return home, I hope Kentuckians will greet them with pointed questions about the future of our commonwealth. As you might expect, I plan to ask a few myself, starting with this:

"Where is the evidence that slashing taxes builds a better society?" In fact, although the legislature has passed at least 30 new tax cuts in the last 15 years, Kentucky remains 47th in workforce education and 47th in the number of scientists and engineers; last year we slipped to 45th in overall child well-being and Governing magazine ranked Kentucky 50th in per capita spending for education. The Census Bureau says that poverty in Kentucky rose faster than in all but one state from 2003-04. ?Can Kentucky build a quality education system that serves all our children without additional public investment?" And finally, "When, exactly, will our political leaders take Kentucky out of neutral and lead us forward?"

Janet Tucker is chairperson of Kentuckians For The Commonwealth, a statewide citizens social justice organization celebrating its 25th anniversary in 2006.