



Posted on Fri, Nov. 20, 2009

No better time for tax reform

Gov. Steve Beshear says this is a bad time to be talking about tax reform because it would mean higher taxes for some Kentuckians, and he doesn't want to go there in the middle of a recession.

But what Beshear fails to consider in taking this stance is that the Kentuckians slammed hardest by the worst economic collapse since the Great Depression are the ones most desperately in need of the relief true tax reform would bring them — the low- and middle-income folks who bear a disproportionate share of the state and local tax burden.

A study released this week by the Institute on Taxation and Economic Policy in Washington, D.C., found that in 2007, taxes consumed from 9.4 percent to 11 percent of these folks' income.

But the tax burden on the richest 1 percent of Kentuckians was just 7.1 percent.

This disparity is not of recent origin. Back in 1991, an organization called Citizens for Tax Justice reported that the poorest 20 percent of the state's citizens paid 12.5 of their income in state taxes while the wealthiest 1 percent contributed just 8 percent of income to the state treasury.

In 1999, according to the Center on Budget and Policy Issues, Kentucky imposed the highest income tax in the nation on families of four with incomes equal to the federal poverty line.

Kentucky tax law has treated the state's lower-income citizens unfairly for decades, through good times and bad. What better time to do the right thing by these folks than during an economic downturn when relief would mean the most to them?

It won't take a lot of work. Multiple studies that tell us what needs to be done have gathered dust on Frankfort's shelves for years. Multiple proposals have been introduced in the General Assembly year after year.

But a majority of our elected leaders have never summoned the political will to give Kentuckians a fairer tax code and to give the state a more stable, sustainable revenue base. Whether the state economy was humming along or crashing, they have always found some lame excuse for claiming it's not the right time to do tax reform.

Shame on them for their lack of courage. And shame on us for sending them back to Frankfort again and again.