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OPINION

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GAS PRICES HIGHWAY ROBBERY



#KYGA22 Week 11

By Sarah Durand

With only two weeks left in the 2022 legislative session, we wrap up week 11 with a focus on the state budget, transparency and election reform.

Budget

The state budget is now in a conference committee created to iron out differences between the House and Senate versions. While the Senate version of the budget spends considerably less, it maintains more debt. Among other differences:

The Senate adds \$50 million for broadband deployment and \$1.1 million in each year to establish a state office for broadband.

The Senate removes the House's proposal to issue grants for spending on small projects in members' districts.

The Senate removes the extra \$200 million the House's proposal includes for unfunded pension liability.

The Senate removes approximately \$80 million for KentuckyWired from the House version.

The Senate removes language in the House proposal encouraging local school districts to use additional SEEK funding appropriated to provide salary increases for employees.

The budget conference committee meetings can be watched at KET.org/legislature.

Transparency

Legislation providing greater transparency and accountability in developing administrative regulations passed the House this week. Currently, when the Executive Branch creates a new administrative regulation, an analysis of the regulation's cost to state and local governments is required during the regulatory development process. House Bill 594 would require adding a cost analysis to the regulated entity, generally Kentucky businesses. Understanding the impact on small businesses and individuals should be a consideration when determining the consequences of regulations put in place by unelected bureaucrats.

Making its way through the Senate, Senate Bill 4 creates a process for public input in the review of all gubernatorial executive orders. The legislation requires these orders go through a process similar to administrative regulations which are reviewed by a legislative committee. Those found "deficient" are then put into a bill to overturn them and that bill is filed during the legislative session. This bill would place executive orders into that same category, adding an extra layer of scrutiny and giving legislators a chance to hear public comment on the validity and necessity of any issued executive orders.

Election Reform

Election reform legislation passed through the Senate. SB 216 sponsored by Sen. Robby Mills, R-Henderson, expands the attorney general's independent inquiry of potential election irregularities, removes credit and debit cards as an alternate form of ID to vote, requires paper ballot backups for all electronic voting machines and prohibits voting equipment from being connected to any network or device, including the internet.

Several bills we've been following have made it through both chambers of the General Assembly:

SB 9 improves reading instruction. Check out the BIPPS report on the importance of changing Kentucky's approach to teaching reading.

HB 121 requires a public comment period of at least 15 minutes at local board of education meetings.

SB 83 requires student athletes in grades 6-12 to play on teams according to their biological sex.

The legislative update is comprised by Sarah May Durand, director of government affairs for the Bluegrass Institute for Public Policy Solutions. She can be reached at sarahmaydurand@freedomkentucky.com.

Flat Rates Work For Tithes, Taxes

By Jim Waters



House Bill 8 offers a responsible approach for eventually eliminating Kentucky's punitive personal income tax, using one-time budget-surplus dollars to cut the tax's rate from 5% to 4% in 2023 and then ensuring adequate revenues exist before future cuts are triggered.

The bill makes up some of the revenue by expanding the state's sales tax to services deemed as "non-essential" like watercraft docking and cosmetic surgery.

Opponents desperate to stop this tax-reform train disingenuously compare HB 8 to events in other states that failed to adequately cover revenue drops caused by lowering income taxes.

Fortunately, these big-government types for whom a shrinking pie seems the only possible option are in the minority – at least when it comes to tax policy.

Of the 90 House members who voted to pass HB 8 to the Senate, 67 said "yes" to eventually

eliminating the personal income tax, thus taking an important step toward growing the pie for all Kentuckians.

Still, tired class-warfare arguments about taxes were on full display during KET's recent "Kentucky Tonight" forum on the state budget and tax policy.

Lexington Democratic Sen. Reginald Thomas said "there's something wrong" with cutting personal income tax rates next year because some will get larger dollar-amount breaks than others.

Thomas said the 1% tax break will result in only \$470 more for Kentuckians who make the state's median income while providing the wealthier with thousands of dollars in benefits.

"This is intentional on their part, Renee, to create this budget so that we can give tax benefits – and I mean the benefit – to your wealthier, higher-income individuals," Thomas said to "Kentucky Tonight" host Renee Shaw, while pointing at fellow Republican panelists Sen. Chris McDaniel of Ryland Heights and Elkton Rep. Jason Petrie – budget chairmen in their respective chambers.

Petrie schooled Thomas in response, explaining how determining whether a tax policy is fair must be considered in terms of percentages rather than actual

dollar figures.

Since we all make different amounts, "the amount we're paying in or the amount we would get back are all different in absolute dollar figures, but we're all putting in and getting out the same percentages, if it's a flat five to four [percent reduction]," Petrie instructed.

"So, when you walk into a church and you do a tithe at 10%, it's 10% regardless," Petrie continued. "It doesn't matter how much you make or not. ... For me, the fair way of looking at something is that percentage which cuts across all lines."

A flat percentage plan works for God; shouldn't it work for government, too?

But even from the perspective of absolute dollars, Petrie says he's always befuddled by the narrative that the wealthy aren't paying enough into the system.

"They're paying too little going in, but when the same amount comes out, it's too much?" he wondered. "I can't square that."

Neither could McDaniel reconcile with fellow panelist and Covington Democratic Rep. Buddy Wheatley's assertion that Gov. Andy Beshear's trivial proposal to reduce the state's sales tax from 6% to 5% for one year would somehow help working Kentuckians.

Food, medicine and

home utilities – products and services considered essential – are already exempt from Kentucky's sales tax and no proposal would dare include them now, considering the rapid rise of inflation and sticker shock at the gas pump.

Instead, as the senator from Northern Kentucky noted, reducing the sales tax would "even more so ... benefit those who are buying more goods that have taxes on them."

At one point in the discussion, Wheatley admits that "our tax system has been in place for a long time and it needs some modernization," and yet offers no concrete ideas, a frequent occurrence among the political left in Frankfort.

For too long, the heavy burden borne by Kentucky taxpayers has stagnated our state's economic development and competitiveness by discouraging growth and productivity.

A small visionless minority must no longer be permitted to stop movement on thoughtful, proven policies to change that unacceptable scenario.

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