



The Kentucky Forward Plan: HB 127 is a balanced approach to strengthening Kentucky



“Whether you earn \$250,000 or \$20,000, the Kentucky Forward tax package is a fair plan. It lets us all work together for Kentucky’s future.”

-Grandmother and KFTC member Toby Wilcher, Casey County

Kentucky’s current tax structure doesn’t live up to our values.

Our current tax structure asks too much for working- and middle-class families, and still doesn’t raise enough revenue to invest and maintain in important public necessities.

Why the Kentucky Forward Plan?

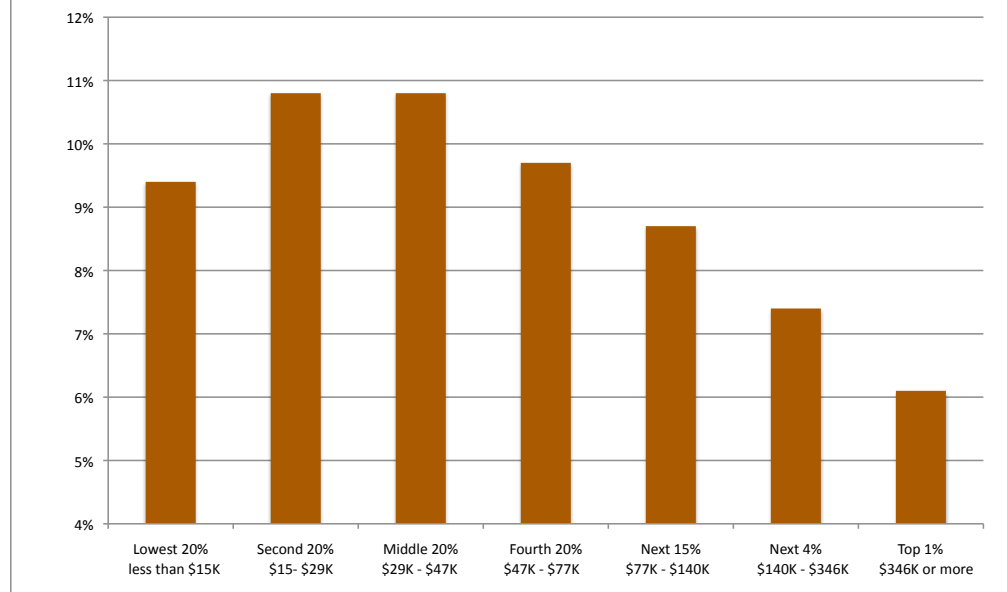
We are Kentuckians, and we want what everyone wants--good jobs, good schools, quality health care, clean drinking water, and safe and healthy communities. But our tax structure is unable to generate the revenue we need today, and for a better tomorrow.

With HB 127, we have an opportunity to raise revenue *fairly*--so that low- and middle-income Kentuckians don’t pay a disproportionate share. The Kentucky Forward Plan would bring balance to our tax structure by lowering taxes for low- and moderate-income families, and would generate around \$500 million in public dollars every year.

Who Pays Kentucky’s State and Local Taxes?

(after federal offset)

Data from Institute of Taxation and Economic Policy, Who Pays report, 2010



Support the solutions in HB 127, the Kentucky Forward Plan!

Support a forward-looking set of tax and revenue reforms that lives up to our values by being balanced and fair, and strengthens our communities by being adequate and sustainable.

HB 127: Move Kentucky Forward!

HB 127 is a balanced, sustainable, and adequate approach to raising state revenue.

Kentucky taxes should be:

- **Fair.** Currently, Kentucky's low and middle-income families pay about 11% of their income to state and local taxes, while the wealthiest Kentuckians pay only around 6%.
- **Adequate and sustainable.** Budget cuts cost jobs and services that Kentuckians depend on, and we've had nine rounds since 2008.
- **Helpful in improving our quality of life.**



"I want businesses to want to hire my

son because he's skilled, educated, and creative. Not because he's cheap. We need a tax structure that lets us invest in ourselves. That's what the Kentucky Forward plan would do." -- Dana Beasley Brown



What the Kentucky Forward Plan would do:

CLOSE LOOPHOLES

We want to stop giving tax breaks to those who don't need them by reinstating our estate tax revenue. Farms are excluded, and the tax would only apply to estates, trust funds, and inheritances worth more than \$1 million. The bill would also close the Hollywood loophole. Want to make a movie in KY? Great! But pay your taxes, like everyone else.

~ \$30 million a year



MODERNIZE OUR INCOME TAX

Our income tax rates are from the 1950s. This bill would replace our deductions and old rates with a stair-stepped rate structure that modestly increases with income. For the bottom 60% of us, these changes would, on average, lower taxes.

~ \$360 million a year

REFORM OUR SALES TAX

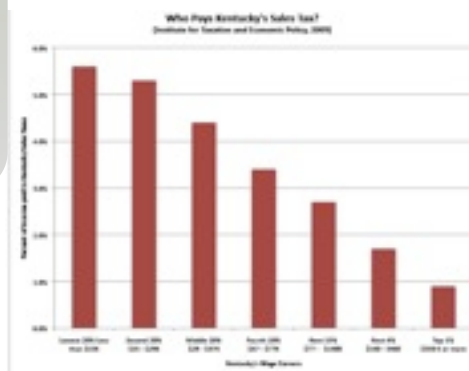
Other states tax luxury services like limo rides, armored car services, and private golf club fees. Kentucky does not tax these services. Our surrounding states tax 47 services; Kentucky just taxes 29. We can bring our tax structure up-to-date by closing these loopholes for luxury services.

~ \$150 million a year

LOWER TAXES FOR MANY WORKING FAMILIES WITH A 15% STATE EARNED INCOME CREDIT.

An EITC for working families earning up to about \$42,000 would put about **\$100 million a year back into the pockets of those working families, and their communities.**

Some have proposed shifting taxes from income to sales. This shift would send Kentucky backward.



The graph on the flip side shows the impact of our property, income, and sales taxes on Kentuckians across the income levels. This graph, to the left, shows the impact of only the sales tax.

Shifting to a system based on the sales tax would knock our tax structure further out of balance. Eliminating individual and corporate income taxes would radically narrow our tax base, impacting revenue sustainability over time.

To learn more visit www.kftc.org/economicjustice.