

Income tax cut clears Kentucky House on bipartisan vote

BY LIAM NIEMEYER
Kentucky Lantern

Republicans in the GOP-dominated Kentucky House of Representatives easily advanced a bill over concerns voiced by some Democrats Thursday to further reduce the state's individual income tax rate as part of their goal of eventually eliminating the income tax entirely.

House Bill 1 was approved 90-7 as 13 of the 20 House Democrats joined the Republican supermajority in quickly moving the bill on the third day of this legislative session.

The Senate Appropriations and Revenue Committee will hear the tax cut bill Friday, said Senate Majority Leader Max Wise, R-Campbellsville. The full Senate is expected to quickly pass the measure after lawmakers return Feb. 4 for part two of the 30-day session.

Sponsored by House Appropriations and Revenue Committee chair Jason Petrie, R-Elkton, HB 1 is the top GOP priority. It would reduce the individual income tax rate from 4% to 3.5% effective Jan. 1, 2026. The change will reduce state revenues by an estimated \$718 million annually, according to a fiscal note. The Republican-controlled legislature in 2022 reduced the rate by a half percentage point from 5% and by the same amount again in 2023.

Democrats who supported the legislation welcomed tax relief for their constituents suffering from inflation, but advocated for what they said would be more equitable alternatives targeting relief to those who need it most. Democratic opponents said the income tax cuts have gone far enough in light of the state's education and other needs. Republicans argued that GOP tax cuts and other conser-



The Kentucky House of Representatives, Jan. 9, 2025. (Kentucky Lantern photo)

vative policies are fueling the state's economic growth and making Kentucky more competitive with other states.

Petrie on the House floor said the process that lawmakers started years ago to cut the income tax by a half-percent each year — depending on if specific financial thresholds had been met in the state government's budget — was a "methodical, thoughtful, cautious approach to reducing the individual income tax rate to zero over time."

"But not so fast that we hurt ourselves, more importantly, our constituents for essential services to be rendered to them," Petrie said.

Republicans leaders are confident about continuing to cut the state's income tax rate, one of the largest sources of state revenue, despite a changing economic picture facing the state as the inflow of COVID-era monies

has receded.

Democratic Gov. Andy Beshear's budget office has projected a decline in General Fund revenue in this fiscal year compared to the previous year, the first drop in revenue in modern times not created by an economic downturn. GOP leaders have argued actual revenues are up through the initial months of this fiscal year and the state Budget Reserve Trust Fund, also known as the "rainy day" fund, is healthy.

While the bill received some support from the minority of Democrats, a number of those Democrats expressed concern over the future implications for government services if economic conditions worsened in the state.

"If there is one thing that we all Democrats, Republicans and independents can agree with, it's that no one wants to pay more

taxes than they have to," said Rep. Anne Donworth, D-Lexington, who voted for the bill. Donworth said she was concerned by the effects on lower-income Kentuckians as the state potentially must rely more on sales taxes on goods and services to make up for the lost income tax revenue.

Democrats had also filed several floor amendments aimed at making sure families, lower-income Kentuckians, state employees and public school teachers would particularly benefit from income tax relief.

Those floor amendments, ranging from providing a child tax credit for families to exempting income tax for public school teachers, were either ruled out of order by House Speaker David Osborne as not being germane to the bill or were not called up by their sponsors.

One Democratic floor amend-

ment that would have created a graduated income tax rate, taxing Kentuckians who have higher incomes at a higher rate than the rate for lower-income Kentuckians, was voted down. Rep. Adrielle Camuel, D-Lexington, argued such a graduated tax rate would give a "greater tax cut and greater financial relief to the people who need it most."

Petrie said such a graduated tax rate would be "counterproductive" to Republicans' goal of reducing revenue streams and lowering taxes, and that such a graduated tax rate was "designed to increase revenues and increase taxes on certain people."

Camuel ultimately voted to reduce the income tax rate, saying she didn't support a "march to a zero percent income tax rate" but that her constituents needed "any break they can get at this point given the number of consumption taxes that have been pushed down on them."

House Majority Whip Jason Nemes, R-Middletown, touted the income tax cut as a "great day," pointing to the cumulative income tax relief that Republicans have sent to constituents since the GOP-dominated legislature started reducing the income tax rate in 2018 when the top rate was reduced from 6% to 5%. To partially offset the cut, the legislature in 2018 also expanded the sales tax to many services.

"Kentucky is a poor state. We are not going to tax our way to prosperity. We all want to support the Medicaid programs and the schools and fund all the things that we all care about. But you can't do it by overtaxing folks. We do it by growth. This is a conservative approach," Nemes said.

Democratic Gov. Andy Beshear has previously signaled he wouldn't stand in the way of another income tax rate cut.

ETHICS, from 1

The commission will also consider adding new language to the complaint form to address violations involving material false statements under Section 30H(3) of the ethics code.

Additional updates on the enforcement of SOFI filings for the end of 2023 and procedures for 2024 will be discussed, with Myers and Wagner presenting potential alternatives for the SOFI review process.

The commission will also hold an election of officers during the meeting.

Public transparency and ethics oversight

The Boyle County Ethics Commission is responsible for promoting transparency and ethical conduct among local government officials and employees. The

SOFI filings, which require officials to disclose financial interests, are a key tool in preventing conflicts of interest in public service.

During the meeting, the commission will review and approve or reject SOFI forms for 2024. Members of the public are encouraged to attend to observe the commission's work in ensuring ethical compliance within Boyle County government.

The next quarterly meeting of the commission is expected to be scheduled, along with any potential special meetings that may be necessary.

For more information on ethics procedures and public access to records, the commission encourages residents to stay informed through local government channels.

The meeting is open to the public, and visitors are welcome to attend.

CELEBRATION, from 1

in promoting equity and justice within education and his commitment to nonviolence, Shull's address is expected to inspire attendees to reflect on Dr. King's legacy of peace and activism.

The event will also include performances by a combined high school choir and Centre College students, highlighting the area's rich musical talent

and fostering a sense of community through shared experiences.

Community-Wide Invitation

All community members are invited to events and encouraged to bring their families, organizers said. The event will be open to the public, with ASL interpreter services available to ensure that everyone can attend. Please

tell community members to join this momentous occasion that serves as a testament to how we can all help to empower one another to make a positive difference.

Save the date: Come join your community as we honor the life and legacy of Dr. Martin Luther King Jr. on Jan. 20, 2025 at the Dr. Martin Luther King Jr. volunteer community service event in Danville.

FISCAL, from 1

Comments from the magistrates and county attorney

The session will conclude with comments and reports from magistrates, followed by remarks from the county attorney and County Judge Executive (CJE).

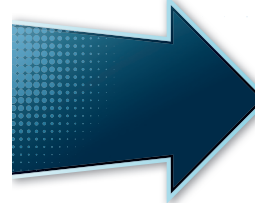
Engagement from the public & openness

The Boyle County Fiscal Court is committed to transparency and encourages community engagement by live-streaming its meetings. Citizens are invited to watch the meeting online to stay informed about decisions that affect the county.

The next Fiscal Court meeting is also being planned for later in January.



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