



Kentucky Forward needs to shift tax policies into reverse

By Jim Waters

Only two ways exist for government to get more money: raise *your* taxes or cut *its* spending.

A coalition called Kentucky Forward thinks the brain trust in Frankfort has cut all the waste it can. Two of its representatives — Mary Ann Blankenship, Kentucky Education Association executive director, and Dana Beasley Brown of Kentuckians for the Commonwealth, a liberal grassroots organization — said that recently on [KET's "Kentucky Tonight."](#)

But that doesn't necessarily make it so.

Kentuckians keep losing jobs and families must cut spending to the bone. Yet, lawmakers in Frankfort approved a budget for fiscal 2010 that runs \$867 million higher than the previous year.

On top of that, [the state gets \\$3 billion in federal stimulus money](#) — \$651 million of which can go into the state budget. Still, these "Forward" thinkers blather on about the commonwealth's inability to provide basic services.

Huh?

The only solution Blankenship and Beasley Brown offered on "Kentucky Tonight" to solve the commonwealth's budget problems revolves around a "soak-the-rich" policy. This pair repeatedly talked about making the tax system "more fair" by extracting more money from "our wealthier citizens."

Inquiring minds ask: Whom do they consider "wealthy" and what is "fair?"

They avoid those details because that would mean when their economic proposals based on pitting one class against another fail — as they always do — they could get called on the carpet. For example, we could see how many people considered "wealthy" leave the state because they don't want to pay higher taxes.

Kentucky entrepreneurs making \$250,000 — the Obama administration's threshold for "wealthy"— invest much of their money in their businesses by hiring and creating additional economic opportunities.

The groups comprising the Kentucky Forward coalition didn't offer any clues on "Kentucky Tonight" that they have any clue about how a free-market economy works.

They seem to care little about the importance of *encouraging* job creation and investment through lower taxes and responsible state spending. However, they get very enthusiastic about drowning job creators in a sea of high taxes.

Many of those calling for “progressive” tax reform, including Blankenship on the KET program, also attack Kentucky companies for “shifting profits” earned in the commonwealth onto their books in other states.

However, do “Kentucky Backward” members bother to ask: “Just exactly *why* do corporations need to do this?”

Maybe they should examine Kentucky’s punitive corporate tax policies. They create some of the highest tax rates in the United States and drive away business. Do these “Tax Forward” members really believe that trying to force companies to operate here, rather than creating policies that *make* them *want to* operate here, works?

Beasley Brown revealed her historical blind spots when she tried to counter a claim I made on “Kentucky Tonight” that no government ever “taxed or spent its way to prosperity.”

Government never “cut” its way toward solving its economic problems either, she retorted.

Yes, governments have. And it worked even better when those governments cut taxes on “the rich.”

- When President Calvin Coolidge cut top tax rates from 73 percent to 24 percent, government revenue grew a whopping 59 percent.
- When President John F. Kennedy cut the top tax rate from 91 percent to 70 percent, government revenue increased by an inflation-adjusted 33 percent.
- When President Ronald Reagan cut the top tax rate from 70 percent to 28 percent, government revenue more than doubled — from \$500 billion in 1980 to \$1.1 trillion in 1990.

Yes, when rates paid by the wealthiest Americans — those at the top of the tax code — decreased, government ended up collecting more!

Such facts prove inconvenient to the bleeding hearts and their political pals whose great ambition in life focuses on “Kentucky Forwarding” more of your hard-earned dollars to big spenders in Frankfort.

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