



# Bluegrass Beacon

BY JIM WATERS

## **The gov: a barker in a budget carnival's midway game**

By Jim Waters

Which seems easier for a governor: Pick on smokers or lead the charge for a right-to-work law in Kentucky?

If you chose "pick on smokers," you win a stuffed politician!

After all, talking about the equivalent of another Great Depression comes with cache. But learning from the mistakes government made years ago — turning a sharp recession into a full-blown economic catastrophe, that's priceless.

Gov. Steve Beshear constantly offers Consensus Forecasting Group numbers that indicate a shortage of money for Frankfort — while continually drumming up support for his call to increase taxes.

I can't give you a number on how much our state's antiquated labor policies costs. But I can tell you this: Kentucky stands alone as the only Southern state that forces people to join and pay dues to a union if one exists in their workplace. And I can tell you this: No policy sends a clearer signal that Kentucky remains an unfriendly state when it comes to company startups and relocations.

But making Kentucky a right-to-work state poses a much tougher task than picking on smokers, most of whom have lower incomes and even less political clout. Leading the charge for such a job-friendly policy change would prove tough for Kentucky's governor and his big-spending political allies who cling to union votes like a tick on a dog's ear.

Forcing unions to compete for every member they get would have a significant and long-term positive impact on Kentucky's economy and could provide an *expanding* revenue stream. Instead, Beshear hawks a regressive cigarette tax hike like a carnival barker seeking a sap to pay

to shoot bent-barreled rifles.

His plan offers more harm to wholesalers and retailers. And it sure won't help smokers.

And the gov's got a straw man in the House.

Rep. David Watkins filed a bill that would increase cigarette taxes to \$1 per pack, which would make it more than 66 cents more costly than the average cigarette tax in all major tobacco states. Watkins, a doctor, obsesses over raising cigarette taxes. He wants to reduce smoking rates and raise revenue, Watkins said.

Such folly can't be good for the heart, doc. Perhaps you should consider that lifting more taxes to the backs of hard-working Kentuckians might cripple them and give you a hernia.

Here's a prognosis for you: Politicians in 82 percent of states that raised cigarette taxes overestimated how much revenue such tax hikes would raise — some by as much as 70 percent more than what the tax actually delivered. That's like having taxpayers read an eye chart the size of Mount Rushmore and telling them they don't have a vision problem.

Besides, 50 percent of the cost of a pack of cigarettes already goes to government. This amounted to \$34.4 billion in 2007 alone — more than twice the amount raised by alcohol taxes.

But of course, we know what would happen if the politicians tried to raise taxes on Kentucky bourbon to numb the sting of the state's financial challenge — even though twice as many kids use alcohol as use cigarettes. Lawmakers would swim in lobbyist-provided liquor and drown in donations — just from another political interest group, that's all.

Instead of trying to figure out how they can get revenue while offending the groups least able to strike back, I challenge political leaders to do the right thing instead of taking the easy way out. Despite the onslaught of Frankfort's big spenders and their enablers in the media, those who have promised not to raise taxes should keep their pledge

and let the chips (and the butts) fall where they may.

They might be pleasantly surprised where they land.

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