

A tsunami's coming to Kentucky. What will we do?

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We know that across the Indian Ocean 40 foot waves caused a loss of life that was avoidable at the level it occurred if only there was awareness of the real danger. We are fortunate in Kentucky. We know that catastrophic harm is headed our way for health care, our children and education. We know about the dramatic funding shortfalls that will reach \$2+ billion by 2010. We know there are two tax reform proposals on the table in Frankfort. We have a choice.

The practical and political hurdles that leaders in the executive and legislative branches face on revenue issues are real...*but this is a time for moral leadership*, especially in meeting the needs of the poor and vulnerable.

We applaud the Administration's taking the lead and bringing a tax reform proposal to the table that includes:

- taking 211,000 of Kentucky's poorest off the income tax rolls. *But more must be done* by taking off all those whose earnings fall below the federal poverty level and indexing that level in future years so all the poor are helped and have enough money to meet basic needs.
- closing corporate tax loopholes. *But* there should *not* be a corresponding reduction in the graduated corporate tax rates. Corporations enjoy many services. The current graduated tax rates on corporations are fair.
- raising the tobacco tax to \$.34 with increases in future years *but more can be done* by raising it to \$.75 as Representative Jon Draud and others have proposed. *But* this must be part of a comprehensive tax plan that is progressive overall.

The basic needs of people are the first responsibility of government. Because revenue is needed for promoting the common good, revenue should not be capped by the triggering of a reduction in the highest income tax rate when a certain amount of funds is collected, as the administration proposes. More revenue is needed to meet the current needs of Kentucky's poor and vulnerable.

One of many warning signs of the coming harm stands out: a significant Medicaid shortfall with inevitable cuts in benefits and eligibility. Medicaid insures our *most* vulnerable citizens, especially children and the elderly. Health care is a moral right. It is not morally acceptable to have 118,000 children in Kentucky without health care.

To be fair and just, tax policy must be based on one's ability to pay. Our contribution to the common good should reflect our blessings. "Much will be

required of the person entrusted with much, and still more will be demanded of the person entrusted with more.” (Lk 12: 48).

The poorest Kentuckians should not pay a disproportionate amount of their income in taxes relative to those with greater incomes. Now the wealthiest 1% of Kentuckians pay just 5.5% of income for state and local taxes. While the bottom 20% pay 9.6%. This is unjust.

HB 277 removes 260,000 of the poorest off the income tax roles. It increases income taxes on those with the most income.

HB 276 closes corporate loopholes. It does not lower corporate tax rates. Corporations, like individuals, have the responsibility to contribute to the common good by paying their fair share of taxes.

HB 276 and 277 raise real revenue, an estimated \$600 million, and are the best approaches on the table for Kentucky’s poor and vulnerable.

The Judeo-Christian ethic spread across the Old and New Testaments is clear: people of faith, according to their talents and resources, have a moral responsibility to provide for others, so all have the basic needs for themselves and their families met. The final judgment in the Gospel of Matthew (Mt 25:31-46) informs us of our moral responsibility to feed the hungry, clothe the naked, provide drink for the thirsty, and care for the ill.

Lack of awareness, resources, and most of all leadership led to the Indian Ocean’s massive loss of human life. We ask those making the budget and revenue decisions to unbridle their moral leadership and enact a revenue law that is just, progressive and raises real, sustainable revenue for the needs of the people, especially the poor and vulnerable, to prevent the tidal wave that races our way.

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