



Press Release
For Immediate Release
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Contact:
Whitney Neal
502-895-8167 x121
wneal@kyyouth.org

Kentucky Middle Class Bears Greater Tax Burden than Wealthy
Media Teleconference on Wednesday, November 18, 2009 at 1:30 p.m. EST

Louisville, KY – Low- and middle-income families in Kentucky pay a higher proportion of their income in state and local taxes than do the wealthiest families in Kentucky, according to a report released today by the Institute on Taxation and Economic Policy entitled, *Who Pays? A Distributional Analysis of the Tax Systems in all 50 States*. The news arrives just after the Office of the State Budget Director instructed multiple agencies to plan for another 6 percent budget reduction to deal with the continuing decrease of state revenues. If so ordered, this would mark the fifth round of budget cuts since December 2007.

“During the current recession, the needs of families continue to grow while the Commonwealth’s resource base shrinks,” said Terry Brooks, Executive Director of Kentucky Youth Advocates, “The fact that greater tax burdens fall on the poor illustrates the need for Kentucky policymakers to make difficult tax and spending decisions in the next year.”

When totaling the entire Kentucky tax structure, the study finds: the poorest Kentuckians, those making less than \$15,000, pay 9.4 percent of their income in state and local taxes. Middle-income Kentuckians, those making between \$29,000 and \$47,000 pay 10.8 percent of their income to taxes. The wealthiest Kentuckians, those with average incomes of \$957,500 only pay 6.1 percent of their incomes to taxes.

The primary reason for the disproportionate tax burden is because of Kentucky’s heavy reliance on the regressive sales and excise taxes. To reduce the unfair burden, policymakers could adopt a state-level Earned Income Tax Credit to help offset the burden of sales taxes.

“Kentucky’s tax system allows the wealthiest individuals to pay a smaller portion of their income in taxes than middle-class families,” said Brooks. “As lawmakers face the worst budget

crisis we've seen in decades, broad-based tax reform is not simply an option; it is an imperative. A lack of action will mean that 2010 is even worse than 2009 for Kentucky's working families."

A media teleconference will be held on Wednesday, November 18, 2009, **1:30 p.m. – 2:00 p.m. EST**, to release the Institute on Taxation and Economic Policy's 2009 *Who Pays?* report. Presenters will include: Brigitte Ramsey, Director of Kentucky Tax and Budget Initiative; Matt Gardner from Institute on Taxation and Economic Policy; and Steve Boyce, Vice-Chair of Kentuckians for the Commonwealth, a representative of the KY Forward Coalition. Brigitte Ramsey will be available for further questions following the teleconference.

To register for the teleconference please contact Whitney Neal by phone at 502-895-8167 x121 or by email at wneal@kyyouth.org and you will be provided with call-in information.

Access a full version of the report, *Who Pays? A Distributional Analysis of the Tax Systems in all 50 States* at: <http://www.itepnet.org/whopays3.pdf>. Access Kentucky's fact sheet for this edition of *Who Pays?* at: <http://www.itepnet.org/whopays.htm>.

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Kentucky Youth Advocates is the home of Kentucky's Tax and Budget Initiative, a member of the nationwide State Fiscal Analysis Initiative.