

 <b>KENTUCKY YMCA YOUTH ASSOCIATION KENTUCKY YOUTH ASSEMBLY Commonwealth Bill</b>	<b>Red   CW 5</b>						
	<b>Referred to Committee: Senate 2</b>						
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<b>School:</b> Boyle Co. HS							
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1 An act to eliminate Kentucky's state income tax for all households making less than \$200,000 per year.

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3 **Be it enacted by the Youth Assembly of the Commonwealth of Kentucky**

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5 Section 1: In Kentucky today, most households lose a fair share of their income due to statewide income  
6 tax. The current tax system further exacerbates previously existing income inequalities. However,  
7 abolishing the income tax and raising the current sales tax of 6% to 9% would mean equal taxes for all  
8 Kentuckians. The increased sales tax would regulate spending without tampering the ability to afford the  
9 necessities of everyday life. This bill would help Kentucky increase the average household income where it  
10 is clearly lacking. Kentucky is ranked 47th in the country for household income and according to the  
11 Census ACS 1-year survey, the median household income for Kentucky was \$45,215 in 2015, the latest  
12 figures available. Compared to the median US household income, Kentucky median household income is  
13 \$10,560 lower.

14  
15 Section 2: In order to reach budget neutral from the strive for equality within the Kentucky government's  
16 tax system, there must first be revenue created to pay off the loss of income for the state from the  
17 elimination of the income tax. Therefore, households that are considered in the high financial class  
18 (\$200,000 or more annual household income) will be charged a 5% income tax (this is still a decrease in  
19 the previous income tax). To prevent these citizens from not paying the tax, there shall be no deductions.  
20 With the revenue from taxing the high financial class and increasing the sales tax, the budget will be  
21 neutral meaning that all money lost by the government is gained back through consumption taxes. With  
22 this policy in place, it will allow equal taxes throughout the state of Kentucky.

23  
24 Section 3: Americans often move to areas with lower taxes, so Kentucky would see a large influx of new  
25 citizens. This means that they would also be paying the sales tax and thus are making money for the  
26 state. For example, Florida gained \$86 billion from an influx of new state residents caused by their tax  
27 cuts of a smaller magnitude. While Kentucky might not have this level of growth, the new citizens would  
28 help generate revenue in a variety of ways.

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30 Section 4: Due to the requirement of high expenses at certain points in the year, (such as back to school  
31 shopping) an amnesty period would be implemented to help cover these expenses. A voluntary committee  
32 for education in the state legislature would determine the date of the annual amnesty period. This would  
33 help provide the most effective time for the majority of citizens.

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35 Section 5: The Kentucky Department of Revenue will enforce this law by applying these new conditions by