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Kentucky Chamber responds to House budget

Frankfort, Ky. (March 10, 2010) – The Kentucky Chamber of Commerce expressed both praise and concern about the House-passed budget on Wednesday, applauding initiatives to reduce spending in some areas but objecting to cutting days from the school calendar and raising more revenue through business tax changes.

The Chamber has focused on state spending as part of a year-long [research project](#) and has offered specific suggestions to the General Assembly to reduce spending in corrections, Medicaid and public employee health coverage—which are growing faster than the state economy and overall state spending.

House budget provisions applauded by the Kentucky Chamber include:

- An estimated \$150 million in savings through adjustments in the public employee health insurance program
- Cuts in the number of personal service contracts and political appointees
- Smoking cessation coverage for Medicaid recipients
- Mandated efficiencies in Medicaid and corrections that will result in significant budget savings

The Chamber noted the House-passed budget represents a significant first step toward controlling spending on corrections, Medicaid and public employee health insurance – which together accounted for more than half the increase in state spending over the last decade.

But the statewide business organization also noted two chief areas of concern in spending:

- Eliminating two instructional days from the school calendar
- Reducing state funding for Kentucky's colleges and universities.

Shortening the school year would be a step backward as Kentucky schools work to implement new academic standards and would undermine the state's effort to successfully compete for federal Race to the Top funds, the Chamber said, noting Kentucky was recently named as a finalist in that competition.

The Chamber also expressed its continuing concern about the new revenue provisions contained in House Bill 530 and repeated in the state budget, especially the suspension of the Net Operating Loss carry forward provision, which allows Kentucky businesses that have experienced losses to offset some tax liability.

Raising taxes on businesses that have lost money is not the way to create jobs in the current economy, the Chamber noted.