



For Immediate Release
September 19, 2017

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Good Jobs First Report Reveals Massive Corporate Tax Giveaways in Kentucky

LEXINGTON – A study released today finds that Kentucky gives away massive tax breaks to corporations, while continuing to underfund retirement security for hard-working public employees. The amount given to corporations far exceeds what the state owes to keep its pension plans funded on a yearly basis. That is true even before a new wave of tax-break disclosure data arrives that will likely reveal even more in previously hidden tax-break spending.

Those are the main conclusions of “Putting State Pension Costs in Context,” a study looking at Kentucky published today by Good Jobs First, the watchdog group on economic development subsidies. It is freely available at <http://www.goodjobsfirst.org/sites/default/files/docs/pdfs/kypensioncosts.pdf>

“Market forces are causing Kentucky to grossly overspend on individual company ‘megadeals,’” said Greg LeRoy, executive director of Good Jobs First. “Kentucky’s economy would be stronger if those funds were used for retirement security and other investments that benefit all employers, such as education and infrastructure.”

The report found that when accounting for corporate subsidies, official tax breaks and unofficial tax dodging, the total amounts to about \$580 million per year. This includes the state’s biggest subsidies - a \$67.7 million sales tax exemption for machinery for newly expanded industry and \$51.8 million for job development credits. All in all, the annual taxpayer cost of funding the retirement benefits of current Kentucky public employees belonging to the Kentucky Retirement Systems and the Teachers Retirement System equals 69 percent of the cost to the state of economic development subsidies and corporate tax breaks and loopholes.

“Kentucky needs to put its priorities in order – we should provide a stable and secure retirement to firefighters, police officers, and teachers, instead of giving massive tax breaks to corporations. This is just bad public policy and here in Kentucky, we can do better than that,” said Brian O’Neill, a Louisville firefighter and spokesperson for the Kentucky Public Pension Coalition.

If you’re interested in speaking with Brian O’Neill from the Kentucky Public Pension Coalition or Greg LeRoy from Good Jobs First, please contact Andrew Collier at 502-632-9237 or at acollier@protectpensions.org. The new forthcoming data is mandated by a new accounting rule: GASB Statement 77 on Tax Abatement Disclosures.

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