

# State lawmakers prepare another income tax cut

By Jamie Lucke  
Kentucky Lantern

A projected dip in state tax collections appears not to have dimmed Republican leaders' eagerness to again cut Kentucky's income tax.

Kentucky Senate President Robert Stivers on Saturday said continuing to reduce the individual income tax rate — this time from 4% to 3.5% — remains the Republican supermajority's No. 1 priority in the upcoming legislative session, reports WHAS11 News in Louisville, where Stivers spoke to the Kentucky Farm Bureau's annual meeting.

Recently revised forecasts predict that Kentucky's general fund revenue will decline by \$213 million or 1.4% in fiscal year 2025. The projections were released Nov. 21 by the state budget director's office in its quarterly report to state officials.

This would be only the fourth time in 50 years that general fund revenue has declined year over year, said Jason Bailey, executive director of the Kentucky Center for Economic Policy. The other times were in 2001 and twice during the post-2008 Great Recession.

The turnaround follows several years of booming state revenues across the country fueled by the federal government's pandemic aid. Kentucky is among many states that have cut taxes or are experiencing declines in revenue as the stimulus spending ends.

The surge in state revenues began to reverse a couple of years ago, according to a Pew research brief. "Annual inflation-adjusted state tax revenue fell in fiscal year 2023 from the prior year — the only time in at least 40 years that real revenue has declined outside of a recession. More than three dozen states saw their revenue shrink, including a steep decline in California that drove the breaking of the (revenue) wave, and in fiscal 2024, at

least five states reported shortfalls."

Policymakers prepared for the coming revenue declines by "prioritizing non-recurring expenditures and one-time tax cuts over long-term commitments," says the issues brief from The Pew Charitable Trusts.

In Kentucky, however, lawmakers enacted permanent cuts in the individual income tax, first in 2022 and again in 2023.

The state budget director's report attributes the largest reduction in the revenue forecast to tax credits due in 2025 that are part of a new pass-through tax that was paid in 2024. "This asynchronized timing inflated FY24 collections in the individual income tax and will reduce expected FY25 receipts," the report says.

Kentucky in fiscal year 2024 collected \$15.571 billion in general fund revenue and is projected to collect \$15.358 billion in the current fiscal year. Revenue now expected in 2025 is also below the estimates on which the state budget is built.

"General Fund revenue collections grew 1.3 percent in first quarter," says the Kentucky budget director's report. "Of the \$49.3 million increase in revenues, the majority came from the corporation income tax, which rose by \$266.6 million. A nearly equal decline in individual income tax revenue erased almost all of those gains. In the case of the individual income tax, all four of the major components of the tax receipts: withholding, net returns, estimated payments and the pass-through entity tax (PTET); declined by a combined \$266.4 million."

The corporate income tax is volatile, and the gains in revenue from it are not projected to continue at the first-quarter rate.

Meanwhile, revenue from the state sales tax grew 1.3% to \$1.5 billion in the first quarter of fiscal 2025. The legislature in 2022 expanded the sales tax to cover more services in order

to partially offset the income tax cut.

Kentucky Senate budget committee Chair Chris McDaniel R-Ryland Heights, last week said he's keeping an eye on the projected revenue decline and called it manageable. He

take effect in January 2026, ensuring it does not impact FY 2025 or the first half of FY 2026."

McDaniel also said, "Guided by 2022's House Bill 8, we are dedicated to a cautious, responsible income tax reduc-

**'We crafted a conservative budget to prepare for scenarios like this. The enacted budget includes a significant buffer for the reduction, which would take effect in January 2026, ensuring it does not impact FY 2025 or the first half of FY 2026.'**

Chris McDaniel

Senate budget committee chair

said the legislature remains "fully committed" to enabling "Kentuckians to retain more of their hard-earned income" by approving a bill early in the 2025 session lowering the individual income tax rate to 3.5%.

"We will closely monitor the latest revenue projections, but the figure is manageable within our current budget, even with the planned income tax reduction factored in," McDaniel said in a statement. "We crafted a conservative budget to prepare for scenarios like this. The enacted budget includes a significant buffer for the reduction, which would

tion and disciplined long-term budgeting."

Stivers in an interview with WHAS11 News also cited the "guardrails" in the 2022 law that established two fiscal benchmarks that the state must meet before the legislature can enact another half percent cut in the income tax.

In the current state budget, Bailey says, the legislature got around the guardrails by changing the rules to exclude billions of dollars in one-time spending from the calculation of whether the state had met the fiscal benchmarks.

Bailey's nonprofit organization has opposed cutting Kentucky's income tax, a change it describes as skewed to benefit the affluent while reducing money to pay for education, health care, public worker salaries and benefits among other services.

"When you reduce the largest most productive revenue source, you're going to have less money," Bailey said of the expected decline in general fund revenue.

"No one has explained how they're going to make up for the decline in revenue," Bailey said.

The Kentucky Chamber of Commerce and some Republicans have said the goal should be to gradually eliminate the state individual income tax but earlier this year Republican House Speaker David Osborne said doing away with the income tax altogether is not a realistic goal. Osborne told the Lexington Herald-Leader that reducing the individual income tax rate below 3% would require dramatic increases in the state sales tax.

Democratic Gov. Andy Beshear vetoed the bill cutting the income tax in 2022. In 2023, campaigning for reelection, Beshear signed the measure although he said the legislature could have helped more Kentuckians by instead lowering the sales tax.

## SCOTT COUNTY DETENTION CENTER

*The following is a listing of persons incarcerated in the Scott County Detention Center between December 2 and December 6, 2024.*

### December 2

—Kendra Ann Abner, 27, of Georgetown; criminal possession of forged insurance - 3rd degree, theft of identity of another without consent, theft by unlawful taking or dispute all others \$1,000 < \$10,000. \$5,000 bond.

—Jerome Martin Bishop, 44, of Lexington; contempt of court libel/slander resistance to order.

—Nathaniel David Cody, 34, of Georgetown; non-payment of court costs fees or fines.

—Robert Lewis Coulter, 55, of Lexington; flagrant non support.

—Russell Alden Inman, 57, of Georgetown; possession of a controlled substance - 1st degree - 1st offense (methamphetamine), possession of marijuana. \$500 bond.

—Devante Aaron Lamar Remond, 30, of Georgetown; commitment order.

—Mitchell Presley Waddle, 21, of Covington; theft by unlawful taking or dispute auto \$1,000 < \$10,000.

—Harry James Williams, 68, of Georgetown; commitment order.

### December 3

—Dwight Cortez Cook, 36, of Winchester; no registration plates, possession of marijuana, trafficking in a controlled substance - 1st degree - 2nd or more offense (cocaine) - 2 counts. \$20,000 bond.

—Eric Stephen Corbin, 38, of Georgetown; serving warrant (for other police agency). \$4,500 bond.

—Antoinne Eugene Evans, 71, of South Bend IN; alcohol intoxication in a public place - 1st and 2nd offense, disorderly conduct - 2nd degree.

—Deon Lamar Fields, 31, of Lexington; serving warrant (for other police agency), possession of a controlled substance - 1st degree - 1st offense (cocaine), trafficking in a controlled substance - 1st degree - 1st offense (cocaine), trafficking in synthetic drugs - 1st offense. \$600,000 bond.

—Andrew James Hunter, 63, of Georgetown; non-payment

of court costs fees or fines, possession of a controlled substance - 1st degree - 1st offense (cocaine). \$5,000 bond.

—Travis Matthew Kemplin, 42, of Mount Sterling; 105 COTA (court order to appear - Scott County).

—Roger Allen Muncy, 44, of Georgetown; failure to appear. \$10,000 bond.

—Michael Bruce Rose, 25, of Luttrell TN; serving warrant (for other police agency). \$158 bond.

—Charles Wayne Whitlock, 39, of Georgetown; failure to appear.

### December 4

—Francois Blaise, 38, of Lexington; serving warrant (for other police agency). \$3,000 bond.

—Cheyenne Renee Bradshaw, 23, of Lexington; serving warrant (for other police agency). \$208 bond.

—Richard Douglas Darnell, 56, of Lexington; 105 COTA (court order to appear - Scott County).

—Janet Lee Gaines, 64, of Georgetown; reckless driving, driving motor vehicle using hand-held mobile telephone, operating motor vehicle under the influence of alcohol - 1st offense.

—Jacob Michael Mattingly, 23, of Lawrenburg; theft of mail matter, receiving stolen property.

—Corey Michel McMillan, 42, of Georgetown; 105 COTA (court order to appear - Scott County).

—Reagan Scott Overby, 25, of Lawrenburg; theft of mail matter, receiving stolen property.

—Tracy Ann Phillips, 43, of Lexington; drug paraphernalia - buy/possession, possession of a controlled substance - 1st degree - 1st offense (methamphetamine). \$5,000 bond.

—Melissa Kaye Thomas, 42, of Georgetown; failure to appear, non-payment of court costs fees or fines - 2 counts.

### December 5

—Azalee Monetzakya Jackson, 27, of Georgetown; disregarding traffic controlled device - traffic light, driving on DUI suspended license - 1st offense.

—Robert Taylor Reynolds, 31, of Georgetown; non-payment of court costs fees or fines. \$193 bond.

—Yehensah Sekou Roberts, 42, of Cincinnati; failure to appear, probation violation (for misdemeanor offense). \$5,188 bond.

—Esteban Sosa Jr, 33, of Georgetown; assault - 4th degree (dating violence) minor injury. \$2,000 bond.

—Michelle Tracy West, 45, of Frankfort; failure to appear - 2 counts. \$5,000 bond.

—Stephen Keith Wilburn, 37, of Georgetown; failure to appear - 3 counts. \$10,000 bond.

—Tina Marie Withrow, 56, of Georgetown; reckless driving, possession of open alcohol beverage container in motor vehicle prohibited, operating motor vehicle under the influence of alcohol - 1st offense.

### December 6

—Grace Taylor Finley, 20, of Georgetown; 105 COTA (court order to appear - Scott County).

—Earl Jay Helton, 50, of Georgetown; 105 COTA (court order to appear - Scott County).

—Tyrell Maurice Keys, 39, of Lexington; serving warrant (for other police agency) - 2 counts. \$1,493 bond.

—Andrea Joy Vinson, 57, of Georgetown; resisting arrest, assault - 3rd degree - police officer or probation officer.

# Public Notice

## Final settlement notice for estate of Jeffrey Carl Westerlund

NOTICE OF FILING SETTLEMENT

Notice is hereby given that the following Fiduciary has filed a final settlement as such with the Clerk of the Scott District Court: Rhonda Westerlund of Post Office Box 3302, Parker, Colorado 80134 is the Administratrix of the estate of Jeffrey Carl Westerlund. The Attorney

of Record and Agent of Process is Greg A Hunter of Griffen & Marks, P.S.C., 271 West Short Street, Suite 600, Lexington, KY 40507.

The settlement will stand for approval and confirmation by the Scott District Court on February 03, 2025. Any person interested may file exceptions before the day of confirmation.

## SCS accepting mowing and weedeating bids for Spring 2025

Scott County Schools will be accepting bids to mow and weed eat all of the school grounds for the spring of 2025. There will be a pre bid meeting on January 7th at 1pm in the Central Office building 2168 Frankfort Road, Georgetown, KY 40324.

Bids will be due on January 14th at 1pm. Contractor must be insured and have experience with large commercial jobs. Interested contractors can contact dwayne.ellison@scott.kyschools.us for more information.

CITY OF GEORGETOWN

## Public auction

The City of Georgetown has approved items to be sold via public auction at <http://publicsurplus.com/>. The auction will open Monday December 16, 2024 at 8:00 AM and will close Monday December 30, 2024 at 4:00 PM.

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