

2025 Kentucky General Assembly

CONTINUE EFFORTS TO CREATE A MORE COMPETITIVE, FAIR AND SIMPLIFIED TAX CODE

OPPORTUNITY TO IMPROVE THE BUSINESS CLIMATE

Business leaders in Northern Kentucky continuously express that the tax system is too complex, and compliance is too costly. In 2022, the General Assembly passed legislation to phase out the state's individual income tax through a series of revenue triggers. The NKY Chamber applauds the statute as it places Kentucky on a path to greater talent attraction and economic competitiveness while also ensuring revenues for critical state services are protected.

The Chamber encourages continued efforts to reduce our state's reliance on income-based taxes while guarding against taxes levied on business-to-business services. Additionally, we ask for policy changes making taxation more fair, simple, predictable, and transparent.

APPROACH TO TACKLE THE ISSUE

- Continue the gradual shift from income-based taxes to consumption-based taxes while guarding against taxes levied on business-to-business services that would add another layer of costs to job creation.
- Support simplified, growth-oriented tax policies that improve the competitiveness of Kentucky businesses in the national and international marketplace.
- Encourage greater business capital investments by improving Kentucky's current tax law prohibiting businesses to expense investments in the same year that the cost was incurred.
- Clarify what business expenses qualify as cost of goods sold (COGS) with either repealing the Limited Liability Entity Tax (LLET) or aligning KY COGS definition with that of the federal government.

WHY DOES IT MATTER TO MY BUSINESS

- The tax code should be simplified with the goal of reducing compliance costs for the private sector.
- Complex taxes impose costs on businesses that either reduce the return on investment or are passed on to consumers and workers.
- Simple, growth-oriented tax policies improve overall competitiveness of all Kentucky businesses.

WHAT WE ARE ASKING AN ELECTED OFFICIAL TO DO

- Continue the gradual shift from income-based taxes to consumption-based taxes while guarding against taxes levied on business-to-business services that would add another layer of costs to job creation.
- Encourage state and local tax administrators to continue their efforts to streamline the tax filing, processing, collection, and enforcement processes across the Commonwealth.
- Support simplified, growth-oriented tax policies that improve the competitiveness of Kentucky businesses in the national and international marketplace.