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House passes economic incentives, bridges bill

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FRANKFORT, Ky. — The Kentucky House of Representatives has passed a bill that approves a funding approach for the Ohio River Bridges Project, which has nearly ground to a halt amid financing difficulties.

The plan marks a shift toward local management of the project and gives the Metro Council power over deciding whether to create an authority of Kentucky and Indiana officials to prepare construction and finance plans, including using tolls.

Kentucky's involvement on an authority with Indiana would include four members appointed by Louisville's mayor and three named by the governor.

"The end result is that we've come up with a better plan. I think for the first time we're going to have the community, through the metro council, weigh in on the project," said Sen. Tim Shaughnessy, D-Louisville.

The bill, approved on an 86-10 vote, also would exclude active duty military members from paying state income taxes.

That provision, which would cost the state \$17 million, was slipped into an economic development bill during closed door meetings late Tuesday night.

The bill includes more than \$75 million in incentives, including tax credits to lure a NASCAR Sprint Cup race to the Kentucky Speedway in Gallatin County.

In addition, a provision was added to the measure to help developers of Museum Plaza in Louisville reduce the interest rate they will pay on bonds for the project.

The economic development measure was originally intended to beef up the incentives that encourage the expansion of existing businesses.

Rep. Tommy Thompson, D-Owensboro, said he does not know how much the measure would cost the state after leaders added several new provisions.

The measure also includes tax incentives to attract a Breeders' Cup World Championship to the state and creates a tax credit for small businesses and the film and TV industry.

Also during closed-door meetings, House and Senate leaders added a tax break to the measure that would seek to spur new car sales.

Currently, car buyers pay a 6 percent sales tax on the purchase of new cars. Under the proposal, if buyers are making a trade, they would pay taxes on the difference between the new and traded car value.

The break would be capped at \$25 million.

Also added was a \$5,000 tax credit for non first-time home buyers on the purchase of a home that has never been occupied.

In addition, both the House and Senate approved legislation to deal with a nearly \$1 billion revenue shortfall in the budget for fiscal 2010, which begins July 1. The bill now goes to Gov. Steve Beshear.

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