

News Release



**KENTUCKY ASSOCIATION
OF MANUFACTURERS**

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Information:
Martin A. Kish
(859) 351-8420

Regressive AMC Tax Bad for Kentucky Economy, Say Kentucky Manufacturers

Frankfort -- Repeal the Alternative Minimum Calculation (AMC) tax so Kentucky manufacturers can more fairly compete against other states and low-wage nations, says Andrew C. Meko, president and CEO of the Kentucky Association of Manufacturers (KAM).

“The Kentucky economy is at a crossroads,” Meko said Monday following a news conference in Frankfort to announce the pre-filing of a bill sponsored by State Rep. Stan Lee that would repeal Kentucky’s tax on gross receipts or gross profits.

“With 20 percent of the state gross product, manufacturing is the engine of the Kentucky economy,” Meko said. “All other business and industry depends heavily on us.

“It is difficult enough for Kentucky manufacturers to compete against low labor costs in nations like China, India and Mexico,” says Meko. “But then on top of that, we have to pay the AMC tax even if we lose money.

“If you want to drive more good-paying manufacturing jobs with health care benefits out of Kentucky and tell other manufacturers to by-pass Kentucky, just keep the AMC tax on the books,” Meko said.

(More)

According to a new poll conducted by the Louisville research firm Enalysis, 90 percent of Kentucky manufacturers favor repeal of the AMC and ranked it as one of their highest legislative priorities.

Through KAM, the Kentucky manufacturing industry has uniformly and consistently opposed the AMC as enacted in 2005 and its successor, the Limited Liability Entity Tax (the "LLET") set to become effective in 2007.

"We offered amendments to remove the AMC from the Tax Modernization Act during the 2005 Regular Session and urged its complete repeal in the 2006 Special Session," says Meko.

"The AMC, like the corporation license tax it was designed to replace, is a regressive tax based on gross receipts or gross profits without regard to traditional tax policy which only taxes the income of profitable businesses," says Meko. "Startup companies with no profit or companies experiencing a cyclical loss are nevertheless required to pay the AMC," he said.

"With the state's significant budget surplus, arising in large measure from increased tax revenues from manufacturers, KAM will help lead the effort to repeal the AMC when the 2007 Regular Session convenes," Meko said.

About the Kentucky Association of Manufacturers

Established in 1911, the Kentucky Association of Manufacturers is the Commonwealth's only manufacturing trade association. Formerly the Associated Industries of Kentucky, KAM's mission is to raise the prosperity of all Kentuckians by protecting and growing the state's economic engine: manufacturing. KAM proactively works with elected officials, policymakers, chambers of commerce, other associations, economic development experts, the news media, the general public and its own members to drive results through seven branded initiatives: ProsperousKentucky(sm), ProductiveKentucky(sm), FreedomKentucky(sm), SmartKentucky(sm), HealthyKentucky(sm), HonestKentucky(sm) and CleanKentucky(sm). On the web at www.KAManufacturers.com