By: Tyler Almeida

In the midst of sweeping budget cuts, a Kentucky legislative committee has unanimously approved a bill that would cost the state treasury a significant amount of needed money. The House Agriculture and Small Business Committee approved HB 112 to provide horse owners tax relief. 

This exemption is similar to those already present in other livestock sectors. The measure would exempt horse owners from paying state sales tax on feed, fertilizers, machinery, and other items used in their operations.

HB 112 has been long awaited in Kentucky's equine economy. Supporters view the change in tax policy as beneficial in the process of increasing revenues in this sector. Equine lobbyists have pushed for this exemption to create parity to the state tax code; treating horses the same way the code treats other livestock.

However, this exemption would cost the state treasury approximately $34.6 million per year. With a government facing large budget cuts, it may seem counterintuitive to turn away this previously established source of tax revenue.

Supporters of HB 122 believe that the benefits of increased activities in the equine industry will outweigh the detriment to the treasury. Horses of all breeds and disciplines contribute $4 billion annually to the state's economy, supporting 100,000 direct and indirect jobs.

The bill will need to be approved by the House Appropriations and Revenue Committee before it can advance to the full House for a vote. With a lean budget year, lobbyists are realistic about the bill's chance. A more modest proposal, a sales tax exemption only for equine medications, was presented but never received a vote.

In light of a difficult budget, passing on an established source of almost $35 million dollars appears inconsistent with budget cuts. Although it is not unreasonable for the legislators to show support for Kentucky's defining industry and the people that make it successful, it may just as well be reasonable to question the timing.
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Blood Horse Staff, supra note i.
