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New Report Reveals Kentucky has Fourth Highest Taxpayer Burden in United States

CHICAGO – How much would it actually cost taxpayers to pay off their state's debt? [Truth in Accounting \(TIA\)](#), a Chicago-based think tank that analyzes government financial reporting, ranked all 50 U.S. states by their Taxpayer Burden, or the amount each taxpayer would have to pay the state's Treasury in order for the state to be debt free. TIA researchers ranked Kentucky as the fourth worst state, with a Taxpayer Burden of \$32,600. The findings were released today in TIA's annual [Financial State of the States \(FSOS\)](#) report.

Kentucky's ranking classifies the state as a Sinkhole State – one of the five states with the worst Taxpayer Burden. The top five Sinkhole States include:

1. New Jersey
2. Connecticut
3. Illinois
- 4. Kentucky**
5. Massachusetts

A large share of the Sinkhole States' debt burden is a result of unfunded pension liabilities due to failure to pay minimum yearly contributions.

"I urge Governor Steve Beshear and his administration to acknowledge the state's true debt and address this situation immediately before Kentucky sinks further into debt," said Sheila Weinberg, Founder and CEO of TIA.

To determine Kentucky's Taxpayer Burden, TIA researchers analyzed the state's 2014 financial report and discovered the state's correct amount of debt. TIA researchers revealed that the state did not report 82 percent, or \$29 billion, of its retirement debt on its balance sheet. This hidden debt is a result of outdated accounting methods used by state government officials, which allow a vast amount of pension and retirees' health care benefits to be excluded from the state's financial reporting.

When TIA researchers included the \$29 billion of hidden debt, they discovered that Kentucky owes \$53 billion in bills; has \$13 billion in assets; and has \$40 billion in remaining debt. When the \$40 billion in remaining debt is divided amongst taxpayers, each individual's share is \$32,600 – the state's Taxpayer Burden.

The FSOS report also lists the five states with the best fiscal health – the Sunshine States. In the Sunshine States, state governments have enough assets available to pay state bills, including hidden pension and retiree health care benefits. The Sunshine States include:

1. Alaska
2. North Dakota
3. Wyoming
4. Utah
5. South Dakota

Across all 50 states, TIA researchers calculated a total of more than \$1.3 trillion of debt, a huge financial burden for current and future taxpayers. TIA believes Taxpayer Burden is more than just a number: high Taxpayer Burdens are linked to lower [quality of life](#), poor [highway systems](#), and the [slow home price recovery](#).

The *Financial State of the States* is an in-depth study of the 50 states' financial conditions for FY2014. To view the *Financial State of the States* report, click [here](#).

Founded in 2002, Truth in Accounting is dedicated to educating and empowering citizens with understandable, reliable, and transparent government financial information. Sheila Weinberg is a Certified Public Accountant with more than 30 years of experience in the field.

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