



# 2010 State Candidates' Questionnaire

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**Note: Please attach and return candidate bio or resume with questionnaire.**

Candidate Name Roger Thoney Position Sought District 67 State Representative

Address 17 Meadow Lane #10 City Highland Heights Zip 41076

Daytime Telephone 859-781-0790 Fax \_\_\_\_\_ E-mail rthoney@fuse.net

Campaign Committee Name and Address Roger Thoney Campaign Fund, 17 Meadow Lane #10, Highland Heights, KY 41076

Campaign Chairman \_\_\_\_\_

*NOTE: The Kentucky Freedom Plan, the Kentucky Small Business Investment Program, and HB 725 are on [www.rogerthoney.com](http://www.rogerthoney.com) under Jobs for Kentucky.*

- 1. In other areas of the country state legislators and construction industry leaders are working together to reform mandates created by government agencies such as the EPA, the Transportation Cabinet, Sanitation Districts, and Planning Units to revive the economy. What are your ideas on how the new home construction industry and the KY state legislator can work together to achieve this goal?**

*You will have an ally in the state legislature if I am elected because reducing the cost of regulation is a key part of the The Kentucky Freedom Plan, which I developed and will work to implement. The Kentucky Freedom Plan is designed to create hundreds of thousands of new jobs in Kentucky and reduce the cost of living. A major element of the plan is to reduce the cost of doing business by reducing the cost of government taxation, regulation, and litigation. I will be looking for regulations to eliminate or scale down.*

*I am willing to discuss current regulations and mandates with the respective agencies in an attempt to develop lower-cost approaches to regulation and to eliminate regulations that increase cost but have little other positive effect. I will be able to ask some tough questions since I am a professional engineer with construction experience from my work at Procter & Gamble, IBM, and the Wm. H. Zimmer Nuclear Power Station. The challenge here is to separate those regulations that are beneficial or necessary from the ones that simply serve political or bureaucratic purposes.*

*I am willing to support measures, as appropriate, that will restrict state agencies in their enforcement of federal regulations. For example, I will support legislation to prevent the Kentucky Public Service Commission from allowing any global-warming-related expenditure into the rate base and to prevent the Kentucky EPA from enforcing any global-warming-related regulations issued by the federal EPA. The research supporting claims of global warming is scientifically invalid because it is inconsistent with several known principles of science (see [www.rogerthoney.com](http://www.rogerthoney.com)).*

*I have a good understanding of the scientific method that can be used to challenge the studies upon which many of our regulations are based. Many researchers today compromise method to simplify their analyses. This simplification, or compromise, renders their work inapplicable to the real world as I point out in my critique of claims of global warming. Many of our regulations are based upon invalid scientific studies; and those regulations should be eliminated or scaled down.*

- 2. The state PVA issued a memo in March of 2008 stating that cost could be used as the basis to value developed land and homes under construction. Do you agree with their assessment and would you be willing to work with the HBA to allow local PVA's to use a cost basis when valuing land and homes?**

*Yes. I also would support basing property taxes on area (acreage, square footage) instead of value to eliminate the complexities and cost of determining value. I also would support a tax reform plan that eliminates the property tax. Does this interest you?*

- 3. Road funding is a perennial challenge to our local market. What can you do to change the allocation formula to more fairly direct funding back to the districts in proportion to the revenues they provide?**

*We will not be able to develop a funding formula that is "more fair" to Northern Kentucky, Lexington, and Louisville as long as Kentucky has poorer economic areas like Eastern Kentucky and parts of Western Kentucky. We live in a highly socialized state; and I believe that there will not be enough votes to shift funds to the wealthier areas. We must take a different approach and work to develop the poorer areas to reduce the income disparity in Kentucky. If we were to unite around an objective to increase employment in Kentucky by over 660,000 jobs and implement the Kentucky Small Business Investment Program (KSBIP), then the income disparity throughout the state would be much less and there would be more political support to revise the funding formula. In addition, we would be in a position to decentralize road projects to the counties and have them fund their own road work. I will be promoting the KSBIP and will support efforts to decentralize Kentucky, shifting responsibility and authority from Frankfort to the counties. Note that the more jobs we create outside the Golden Triangle the more "fair" the funding formula will become.*

- 4. What specific types of small business tax reform should the state government approve?**

*We should eliminate all taxes on business activity to help make Kentucky the most business friendly state in the nation. This includes the AMC, the tax on business profit and capital gain, unemployment insurance taxes, and Social Security and Medicare taxes. I also will support measures that will reduce the cost of regulation and litigation and roll back the recent increases in the excise taxes on cigarettes and alcohol. Kentucky lost a lot of jobs when these taxes were increased.*

*Taxes on businesses cause unemployment and the cost of living to be higher than they would be otherwise which hurts low-income households. Why do we implement policies that cause unemployment to be higher and increase the struggle for low-income households? People need jobs to pay their bills, so why do we not focus on creating as many jobs as possible and reducing the cost of living to help those who struggle to make ends meet? Why do we accept the high unemployment and low household incomes in Eastern Kentucky and not do whatever it takes to remedy this? Do our elected officials simply not care? These are questions that I will be asking if I am elected. Creating enough jobs so that everyone who wants one can get one should be our top priority.*

- 5. What role do you feel the new home buyer should have in funding economic development initiatives such as parks, passive recreation, roads, schools, and other regional improvements? (please circle)**
- a. Entirely responsible**
  - b. Responsible for majority**
  - c. Proportionally responsible**
  - d. Responsible for minority**
  - e. Not responsible**

*New home buyers should be treated the same as existing homeowners. However, I do believe that initiatives such as parks and recreation should be funded from sources other than taxes or fees which we are forced to pay (see additional comments in Q10).*

- 6. What can you do to lessen the burden placed upon our industry by area planning units, and state agencies?**

*It is my understanding that area planning commissions have no power – that their recommendations must be implemented by county fiscal courts. Therefore, the focus should be on the fiscal courts and the common political issues of tax and spend. We must elect commissioners and county judge executives who will work to reduce taxpayer-financed spending and look for alternative sources of revenue other than new home buyers. We can increase user fees, as appropriate, so that each government function will be self-sufficient or nearly so. For example, we can set circuit court fees at the level necessary to fund the court's budget. We can increase fines and penalties to cover more of the cost of law enforcement. We can increase the daily charge to jail inmates and work harder to collect. We can charge more for bus fare to reduce taxpayer subsidies; and we can fund parks, bike trails, etc. from voluntary contributions (see additional comments in Q10). User fees are consistent*

*with the philosophy that “those who receive the benefit pay the bill.”*

*I also will be looking for ways to restrain state agencies, particularly the ones through which federal regulations are implemented. The EPA is at the top of my list. I will try to pass legislation instructing the state EPA to not enforce any federal regulations until they have been approved by the legislature and governor, constitutionally giving them the force of law. I will try to pass legislation instructing them not to enforce any global-warming-related regulations and will look for other regulations to restrict or eliminate. Many of our regulations are based upon studies that are scientifically invalid because of the assumptions made by researchers. Such regulations should be eliminated or scaled down because their impact is costing us jobs and increasing the cost of living, hurting low-income households and promoting poverty (see additional comments in Q1).*

*In general, I believe that government has encroached upon our property rights and economic freedom through regulation, zoning, and other ordinances; and I will be looking for opportunities upon which to take a stand to try to remedy this encroachment.*

- 7. Appraisals are a real challenge to our industry. Appraisal companies are using independent appraisers from out of our region. These appraisers are unfamiliar with the local market and mandates dictate how much contact a seller may have with an appraiser limiting the seller’s ability to educate an appraiser about the home. What ideas can you bring that would help to remedy this situation?**

*Perhaps sellers should focus on educating the buyer and bankers, rather than appraisers, by pointing out the assumptions contained within the appraisal. The value of any property is that price which a buyer is willing to pay and a seller is willing to accept. Appraisers only try to guess what this price will be; and they make many assumptions in the course of developing their guess. The seller does not have to accept the appraiser’s assumptions and can propose his own set of assumptions (a counter appraisal) as a counter offer. Appraisals are only one element in the sales, or price negotiation, process.*

*The problem I see is that developers put themselves in a weaker bargaining position by borrowing to fund construction rather than relying upon equity financing. Developers have a certain amount of time to sell their properties before interest charges consume their profit. I suggest that developers use equity financing rather than borrowing to fund real estate development. This also will reduce the demand for real estate development loans, so bankers may be more eager to loan to homebuyers and more likely to accept the developer’s appraisal assumptions rather than the appraisal company’s. Equity financing will give developers more bargaining power with both buyers and bankers.*

*I will be working to implement the Kentucky Small Business Investment Program which will establish a network of venture capital funds to invest within Kentucky and to promote the creation of Community Venture Capital Funds. These funds can be a source of equity capital for real estate developers. I also will work to reduce the cost of taxation, regulation, and litigation to help reduce construction costs.*

8. **Just as funding for roads is not proportional to the population, usage or tax contributions, neither is school funding. What are you prepared to do to correct this for your district?**

*I will try to work with the schools in my district to help them operate more efficiently and become less dependent upon state funding. As with roads, no funding formula will be fair to wealthier school districts in a heavily socialized state. The ultimate solution is to create more jobs outside the Golden Triangle to lessen income disparity throughout the state as the Kentucky Small Business Investment Program is designed to do. Each county, then, will be in a position to take care of its own needs; and we may be able to rely much less upon funding formulas. As long as we use funding formulas, the more jobs we create outside the Golden Triangle the more “fair” they will be.*

9. **Financing of acquisition, development and construction loans has all but disappeared. What are some ideas you have locally to help secure financing for our industry?**

*We need to create more equity capital. I will re-introduce HB 725 which creates a network of venture capital funds that will invest in Kentucky businesses. Also, the discussion of The Kentucky Small Business Investment Program introduces the concept of a community venture capital fund that will invest in businesses located within a defined local area. These funds are intended as a way for people within a community to create equity capital for local job creation by investing small amounts such as \$10 or \$20 at a time.*

10. **The ability of Northern Kentucky to compete on the regional, national and global stage is influenced by its perception as a healthy community. In lieu of additional tax increases, what ideas can you offer to facilitate and grow the live, work, play components necessary to keep Northern Kentucky competitive while not saddling the new home buyer with the sole responsibility of paying for these necessary parts of a vital community?**

*I believe that new home buyers should be treated the same as existing homeowners in relation to community issues such as these. I also believe that we should shift our attitude toward “those who receive the benefit pay the bill” rather than force people to pay through taxes or fees. If some people in a community want a swimming pool, a new park or playground, or a bike or walking trail; then they can organize an effort to raise the money for the project themselves rather than get local government to force people to pay for something that they may not want or use. Such forcing is an encroachment upon economic freedom. They can get contributions from other like-minded people within the community, local businesses and nonprofit organizations, or charge user fees if appropriate. If something really is a good idea or really needed, then enough people will be willing to contribute enough money and time to make it a reality. We already have too many underutilized parks, ball fields, and buses resulting from a few people making decisions for many and forcing everyone to*

pay. Having “those who receive the benefit pay the bill” will help reduce inefficient or wasteful spending.

**11. What are the most pressing issues in your district and how do you plan to address them?**

*Jobs, more jobs, and even more jobs. Creating more jobs will help ease most of the major problems we currently face. It will increase revenue to state and local governments by expanding the tax base and will result in less spending on social programs as people take jobs. This will ease the pressure on all government budgets, particularly the transportation and education budgets. Creating more jobs by reducing the cost of doing business (by reducing the cost of taxation, regulation, and litigation) also will reduce the cost of living, easing the financial burden on those who struggle to make ends meet. Strong gains in employment will ease people’s concerns about losing their jobs and they will begin to spend more. Loan defaults will begin to decline and banks will lend more. Increased consumer spending and lending will lead to a rebound in the real estate market. I will work to implement The Kentucky Freedom Plan to stimulate the job creation process.*

**12. Our local industry has shed over 7,000 construction related jobs over the last three years. An economic rebound is unlikely without putting these individuals back to work. How would you propose to solve the problem?**

*The way out of any recession is to invest, invest, and invest some more; so we need a broad-based economic stimulus that will stimulate investment (job creation) in the entire private sector. Targeted economic stimulus programs are not effective because they are not broad-based. Demand-side stimulus programs will not be effective in this economy because they do not address the fear of losing one’s job. Consumers will begin to spend more money once they no longer fear losing their jobs. Increased investment spending will create more construction jobs and produce an environment of net job growth.*

*To stimulate investment, we must reduce the cost of living and cost of doing business and provide additional sources of lower-cost investment capital. We can reduce the cost of living and cost of doing business by reducing the cost of government taxation, regulation, and litigation. Reducing the cost of doing business will increase profitability for existing businesses, providing them with more investment capital. It also will reduce the risk of starting businesses, promoting more venture capital investment. The Kentucky Small Business Investment Program is based upon this reasoning. In particular, it provides for the creation of investment capital through a network of venture capital funds within Kentucky and through the establishment of Community Venture Capital Funds.*

*I will try to implement the Kentucky Small Business Investment Program and try to persuade our Washington senators and representatives to reduce the cost of doing business and stimulate investment at the national level, too. I will support eliminating all taxes on business activity (particularly the AMC and the tax on profits); I will try to pass resolutions that will restrict state agencies in their*

*enforcement of excessive federal regulations; and I will support measures to limit frivolous lawsuits and punitive damage awards. I also will work with local contractors to try to restrain excessive regulation through zoning and permit requirements. I believe that governments have encroached upon our property rights and individual liberty and economic freedom and will be looking for ways to try to remedy this encroachment.*

**Mail completed questionnaire by Friday March 19<sup>th</sup> 2010, to  
Political Housing Club, 2751 Circleport Drive,  
Erlanger, KY, 41018; fax to (859) 578-3393 or e-mail to karenl@hbanky.com**