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Retail would benefit by proposed tax plan

Analysis shows most jobs would be gained in retail sector

By [William Hershey](#)

Dayton Daily News

COLUMBUS | Although Gov. Bob Taft's proposed overhaul of the tax system is aimed at boosting manufacturing in Ohio, the retail sector would gain the most jobs under the proposal, according to an analysis released this week by the Development Department.

The analysis broke down by category the additional 47,348 jobs that would be created by 2010, based on a study produced by REMI Consulting of Amherst, Mass. The state paid \$154,000 for the study.

Lt. Gov. Bruce Johnson released the study last month but a breakdown by job type was not available. The study compared what employment would be as the result of proposed tax changes with it would be under the current tax system.

According to the analysis, the top five categories for additional jobs would be: retail, 9,517; construction, 5,728; food service, drinking places, 5,211; manufacturing, 4,237 and state and local government, 2,942.

The study results released in April by Johnson showed an additional 43,250 jobs overall but that was by fiscal year 2010, from July 1, 2009 to June 30, 2010. The new analysis was based on additional jobs by calendar year 2010.

According to the analysis, about 8.9 percent of the

additional jobs would be in manufacturing. Currently, about 15.7 percent of Ohio's jobs are in manufacturing, according to the state, the largest percentage of any job sector.

The analysis also found that about 20 percent of the additional jobs by 2010 would be in retail. Currently, about 11.8 percent of the state's jobs are in retail.

The REMI analysis was based on a tax proposal including: a phased-in 21 percent reduction in personal income tax rates; phasing out the corporate franchise tax and the tangible personal property tax on business machinery, equipment, inventory, furniture and fixtures; a state sales tax of 5.5 percent — it's now 6 percent statewide; increased taxes on cigarettes, beer and wine and phasing in a low-rate, broad-based commercial activity tax on business gross receipts

from Ohio sales.

Bill Teets, development department spokesman, said the jump in retail and food service jobs represents an economic boost from the income tax cuts that will put more spending money in Ohioans' pockets.

Also, he said manufacturing jobs have been declining, partly due to increased efficiency. "We put together a tax plan that we said was going to better reflect Ohio's economy and our overall economy is a mixture of manufacturing and services," Teets said.

Zach Schiller, a critic of the tax proposal, said, however, the analysis appears to indicate the plan would fall short of being the "savior for manufacturing" that Taft's "rhetoric" had suggested.

Schiller, research director for Cleveland-based Policy Matters Ohio, said he is skeptical of the overall study because it did not consider the need to either reduce state spending or increase other taxes because the tax changes would produce less state revenue than the system now.

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