

Study: Taft plan will create jobs

Report requested by governor also says tax overhaul will boost gross state product

By [William Hershey](#)

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COLUMBUS | Gov. Bob Taft's plan to overhaul the state's tax system would lead to the creation of an additional 43,250 jobs and a \$2.5 billion boost in the gross state product by 2010, according to a report released Thursday.

"We've been saying that this tax plan will help unleash Ohio's economic potential, and this report clearly shows that it will," Lt. Gov. Bruce Johnson said.

The state paid REMI Consulting, Inc., of Amherst, Mass., \$154,000 for the study. Taft's administration requested the study.

The results compare what employment and gross state product – the value of all goods and services – would be as the result of the changes Taft has proposed with what they would be under the current tax system.

The study also reported that the value of real fixed investment – private investment in buildings, machinery and equipment – would be \$884 million higher in 2010 with the Taft plan than without, and that the state population would grow by 39,546 as a result of the changes.

Ohio has a population of roughly 11.45 million, according to census bureau estimates.

The increases in jobs, gross state product, investment and population were net figures, based on an analysis of all the changes in the tax plan.

Bill Teets, spokesman for the state development department, said information was not readily available as to what kinds of jobs would be added.

Individual parts of the plan would lead to job losses, a summary of the report showed. For example, proposed increases in taxes on tobacco products and alcoholic beverages would mean 7,074 fewer jobs in 2010 than under the current system. The proposed commercial activity tax, a new tax on business' gross receipts from Ohio sales, would lead to 15,780 fewer jobs than under the current system.

But these job losses would be more than offset by job increases caused by other proposed changes, according to the

consultant's report.

These include a phased-in 21 percent reduction in personal income tax rates; the phase out of the tangible personal property tax on business machinery, equipment, inventory, furniture and fixtures and the phase out of the corporate franchise tax, the current business tax on a corporation's net income or net worth, whichever is greater.

Zach Schiller, research director for Policy Matters Ohio, a Cleveland-based research group, said the report might not tell the whole story of how the tax plan would affect Ohio.

For example, it showed that tax revenue would be \$2.8 billion lower under the Taft plan by 2010 than under the current system.

"If you cut taxes, you can't spend as much. It means you're not spending money on teachers, nursing home aides and everything else you spend money on," said Schiller.

He also said that while the gains in population and gross state product would be positive, they should be kept in perspective.

The gain of 43,250 jobs would represent less than 1 percent of the state's current 5.4 million jobs. Also, a \$2.5 billion boost in the gross state product would represent less than 1 percent of the current gross state product of \$406.9 billion.

The House has passed a tax overhaul plan that closely tracks with the Taft plan as part of the state budget. The Senate now is considering the tax plan and budget.

Senate Ways and Means Committee Chairman Ron Amstutz, R-Wooster, who supports Taft's approach, said the report should help win support for the tax plan in the Senate.

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