



PRESS RELEASE
APRIL 11, 2018

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Tax breaks need stronger evaluation

Policy Matters Ohio said in testimony today before the Tax Expenditure Review Committee that a more in-depth analysis is needed of the tax breaks that cost the state more than \$9 billion a year in revenue. The committee held its first hearing on five sales-tax breaks.

Wendy Patton, senior project manager, told the committee that, "House Bill 9 provided for the Tax Expenditure Review Committee to direct the Legislative Service Commission (LSC) in assisting it. Given the enormous size, long history and complexity of the tax expenditures under review today, a thorough analysis should have been requested from LSC and provided in advance to the public, so Ohioans could comment more knowledgeably on this huge use of state resources."

Other states, from Washington and Indiana to Maryland and Texas, already provide more detailed evaluations of tax breaks, Patton noted. She urged the committee to ask the taxation department and the LSC to seek data on the number of entities receiving tax exemptions and to recommend legislation to ensure such data collection.

Patton recommended that the committee look into additional questions such as whether employees at firms receiving tax breaks are paid enough to not need public benefits such as Medicaid and food aid. She also said, "the committee should consider whether guard rails should be added to ensure that recipients are paying taxes, complying with state laws and providing information that allows for appropriate review of the tax break." She urged the committee to look into cutting back on tax breaks, which have continued to grow and proliferate even as the state has cut funding for libraries and local governments and underfunded early childhood education, public transit and other services.

"Tax expenditures represent an invisible entitlement that persists over time. It is the job of the Tax Expenditure Review Committee to bring transparency and accountability to this huge use of state resources," Patton said.

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*Policy Matters Ohio is a nonprofit, nonpartisan state policy research institute
with offices in Cleveland and Columbus.*