



PRESS RELEASE
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Statement on House budget bill

Cutting LLC Loophole is excellent, proceeds should be used differently

Wendy Patton, Senior Project Director with Policy Matters Ohio issued this statement on the House substitute budget bill introduced Thursday:

“We welcome the proposed limitations on the costly and ineffective business income deduction, often known as the LLC Loophole. This is a major, positive step for Ohio. We also applaud eliminating or reducing many other tax breaks as proposed. Finally, it is heartening to see a commitment to requiring online retailers to collect sales tax.

“Using the proceeds from these necessary changes to cut income-tax brackets and rates will do little for many of the poorest Ohioans. Increased revenue should be used instead to make the state earned income tax credit refundable and to support investments in education, child care, public transit and other necessities.

“The House version of the budget bill protects some of the important investments of the governor’s budget and improves others. Increased state funding for child protective services and indigent legal services will allow local governments and the courts to better address critical needs of vulnerable children and meet constitutional obligations. The House budget protects the Medicaid expansion, adds funding for wraparound services at K-12 schools, and strengthens funding to stem the drug epidemic. Small investments in adult protective services and the Department of Commerce’s wage and hour division are steps in the right direction.

“Tax cuts have taken \$6 billion a year out of the state revenue system over the past 15 years. Funding for human services and education has barely kept pace with inflation, while needs have grown in the new, low-wage Ohio economy. The governor’s budget and the House budget fail to increase funding to help low-wage workers meet basic needs. There is no increase in access for child care aid and no expansion of public pre-school. Once again, the school funding formula is not fixed to improve equity in education quality between rich and poor communities. Support for low-income college students, though increased, remains far below earlier levels. Some notable improvements are made in budget for 2020 and 2021, but this budget bill continues a long-term trend of underinvestment in Ohioans and Ohio communities.”

Read Policy Matters [plan to overhaul Ohio’s tax code](#) and [our recommendations for increased state investment](#).

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

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