



PRESS RELEASE
JULY 17, 2017

Contact: Zach Schiller
zschiller@policymattersohio.org
216.361.9801

Ohio tax break review needs to begin

Committee is to evaluate exemptions, but hasn't been named

Last December, the Ohio General Assembly overwhelmingly approved a bill that for the first time set up a permanent process to review the \$9 billion-plus in annual exemptions, deductions and credits in the state tax code. [House Bill 9](#), which was to create a committee to review these tax breaks, was approved by votes of 87-0 in the Ohio House and 31-0 in the Senate. Yet seven months later, and nearly three months after the law required the House speaker and the Senate president to appoint members to the new committee, no one has been selected. The committee was supposed to hold its first meeting by late June, but of course a committee that lacks members hasn't met. The delay is especially glaring since the General Assembly found itself scraping for revenue in the state budget it just approved, and the budget underinvests in education and key public services.

Ohio's 129 tax breaks – known as “tax expenditures” and detailed in a biennial [report](#) – include some that make sense, like the Earned Income Tax Credit, a modest credit to some working families that helps in a small way to address the fact that poor families pay a larger share of their income toward state and local taxes. Others, however, are long outmoded, like the discounts on tobacco and alcohol taxes for paying them on time or ahead of schedule. Still others, like the [\\$1-billion-a-year income-tax break](#) for business owners, are costly, unproductive drains on state revenue. Policy Matters Ohio detailed a number of others that should be limited or eliminated in [testimony](#) last year.

The General Assembly took time during the recent budget to approve three new tax breaks vetoed by Governor Kasich that in total would have cost hundreds of millions of dollars, according to his [veto message](#). It added others, ranging from a poorly targeted expansion of one for [college savings accounts](#) to another for premium cigars. Meanwhile, the legislature rejected proposals by the governor to rein in existing tax breaks, such as one for suppliers to big [distribution centers](#) that badly needs limitation.

It's past time for the General Assembly to get serious about limiting or eliminating unneeded tax breaks. A first step is for legislative leaders to name members to the committee and for it to start work.

###

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