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## Ohio should prune tax breaks

### Policy Matters Ohio testifies before panel on government efficiency

Ohio could invest in a brighter future by scrutinizing and eliminating unneeded tax breaks, and using that money to invest in our communities.

That was the key message of testimony prepared for delivery today by Policy Matters Ohio Research Director Zach Schiller before the state Grace Commission, a panel of legislators and others charged with reviewing state spending and finding efficiencies.

Schiller noted that one of the largest tax breaks is also one of the newest: A break for business income first approved in 2013 that is costing hundreds of millions of dollars a year. It has not resulted in overall job gains for the state, or a significant increase in employment at small businesses that were hiring employees for the first time.

Ohio's budget for tax breaks will be nearly \$9 billion in 2017, one of the largest uses of state taxpayer resources, yet legislators have failed to provide for regular review of tax breaks for accountability and effectiveness.

Schiller recommended the limitation or repeal of a number of existing tax breaks, and that the commission suggest to the General Assembly that it reject three tax breaks now before the legislature: A sales-tax exemption for temporary services, an expansion of the motion-picture tax credit that also would allow the credits to be transferred to others outside the film industry, and a sales-tax break on investment coins.

Schiller cited a variety of areas, from public transportation to preschool and childcare, that need more state investment. "Ohio can ill afford to underinvest in key public services while doling out hundreds of millions of dollars a year for unneeded tax breaks," he said.

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