



PRESS RELEASE
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Tax Expenditure Review Committee should scrutinize tax breaks

State lawmakers spend Ohioans' tax dollars through the budget, but also through the tax code. Tax breaks ("tax expenditures") cost the state more than \$9 billion annually. While policymakers watch the budget carefully, until this year, they haven't paid much attention to spending through the tax code.

In a policy brief released today, Policy Matters Senior Project Director Wendy Patton and Research Director Zach Schiller say despite the formation of the new Tax Expenditure Review Committee, more attention is still needed. The committee's first round of hearings were far less rigorous than necessary, they said.

"We're pleased the General Assembly mandated oversight, but the review should be strengthened," said Patton. "The hearings failed to provide basic information, like number of entities benefitting from each tax break and the original purpose of some."

The committee has no dedicated staff and no funding to contract for legal, economic, or accounting expertise. In three sessions lasting less than four hours in total, the committee heard testimony on \$5.5 billion in annual state and local tax breaks. The bulk of expenditures under review received no proponent testimony; no one appeared before the committee to explain why the tax breaks exist or whether the state sees any return on its investment.

Patton and Schiller call on the General Assembly to equip the committee for an extensive investigation, and on the committee itself to strictly scrutinize the effectiveness of the tax expenditures under analysis. Until such an investigation is complete, they say, the committee should not recommend continuation of the tax breaks under review. The brief also makes additional recommendations to bolster the evaluation process and bring more accountability to Ohio's 129 tax breaks.

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*Policy Matters Ohio is a nonprofit, nonpartisan state policy research institute
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