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Group slams Taft tax plan during Athens whistle stop

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BY DAVID LABER

 Athens NEWS Writer

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A statewide campaign opposed to Ohio Gov. Robert Taft's tax-reform proposal brought its message to Athens Thursday, but the area's state senator is not thrilled about the campaign's actions.

The Campaign to Stop Ohio's Slide (SOS), which includes various state agencies such as the Ohio Federation of Teachers, Ohio Head Start and the Ohio State Troopers Association, has been sending representatives throughout the state to present news conferences with local government officials to garner grass-roots support against what they consider to be an unfair tax-reform plan.

At the end of each news conference, the SOS spokesperson (in Athens on Thursday, it was SOS Communication Director Dale Butland) urges area residents to call the organization and it will direct each caller to his or her appropriate state legislator. SOS has been running a statewide radio campaign with the same message.

State Sen. Joy Padgett, R-Coshocton, whose district includes all of Athens County, said while she supports some aspects of Taft's tax-reform package and opposes others, she is waiting to receive the tax-reform bill from the House of Representatives for a fuller review.

"But I do have an opinion on the group (SOS)," Padgett said. No one from the campaign has been in touch with her to talk about the tax-reform proposal, she said, adding that she considers the group's actions to be "incredibly unfair."

As a result of the phone-call campaign, Padgett said her office has received many calls from adversaries and advocates of the governor's proposal.

While she is waiting for the bill to come from the House of Representatives, Padgett praised the House for one change to the proposal it did make -- elimination of parking fees at state parks. Padgett said she would have taken up this battle had the House not done so first, and this "saved me a lot of time."

During the campaign stop in Athens, Butland, who was accompanied by Athens City Council members Carol Patterson, D-2nd Ward, and Debbie Phillips, D-4th Ward, said Taft's tax-reform proposal is bad for Ohio and Athens County.

"Taft's plan is a bad idea -- a bad idea for the state and a bad idea especially for places like Athens County," Butland said.

The proposed plan, he charged, overwhelmingly favors the wealthiest 1 percent of people in Ohio with its 21 percent across-the-board income tax cut.

Butland noted that Policy Matters Ohio, a non-profit, non-partisan policy research organization, analyzed the tax proposal and determined that families with an annual income of \$43,000 will pay \$12 more in taxes after fee increases on energy, alcohol and other items are accounted for. The average annual income in the state is \$42,000.

Families that earn \$66,000 annually will get back only \$89, and the wealthiest 1 percent will receive about \$7,000 in tax cuts, according to Policy Matters Ohio, according to Butland.

"We believe that is unfair," he stated.

For a fair tax reform that would create more jobs, the state would be better off with a tax cut targeted toward the middle and lower classes because these groups of people will spend their money, Butland said. But richer people are more inclined to save their money instead of spending it, he added.

Butland drew a comparison between what Taft is trying to do now and what President Bush did four years ago when promoting a tax cut. "We (the state of Ohio) lost more than 200,000 jobs," Butland said, questioning why the state would want to replicate that move.

Supporters of Taft's plan, and conservatives in general, argue that reducing taxes for entrepreneurs, industrialists and small businesses makes them more likely to invest in their businesses, create jobs and generate tax revenues. This has a greater benefit to the economy -- and by extension all citizens -- than reducing taxes for lower-income people, they argue.

With Taft's proposal, corporations will pay 10 percent less of the tax pie than they were paying in 1986, Butland argued, by way of illustrating another complaint the campaign has with the proposal. If corporations are paying less, then individuals are paying more, he reasoned.

Several studies, including one by Louisiana State University, concluded that out of 10 factors -- such as education, infrastructure and taxes -- that businesses consider before moving to a state, taxes are at the bottom, according to Butland. Finally, he said that for the state to compensate for the income-tax decreases, a series of budget cuts will be necessary, including cuts to the Local Government Fund, which is state money paid out to counties, townships, cities and villages.

A cut to the local government fund would create a "very grim" situation in Athens, Councilwoman Patterson predicted.

With the city police and fire departments already working understaffed, she said, the proposed 20 percent cut over the next three years would be "a very decisive cut."

"We are already at a point where things are very tight," Patterson said, noting that the city has been struggling to reduce its budget for the past three years.

The city stands to lose about \$137,000 from Columbus if the

proposed cuts to the various Local Government Funds go through as proposed, Councilwoman Phillips said.

In Chauncey, where the village receives \$22,000 from the state government, the effects would be even more costly, Phillips said. That money amounts to about 18 percent of the village's budget, and Chauncey residents already pay more local property tax than any other municipality or township in the county.

Speaking as a member of the Ohio Fair Schools Campaign, Phillips said Ohio already has 200 school levies scheduled for a vote in May. Levies are necessary to raise money for school districts when they are not receiving enough money from the state.

About 3,500 teacher positions already have been eliminated, she added.

As a result of its worsening educational system, according to Phillips, Ohio leads the nation in the number of 18- to 34-year-olds leaving the state.

"Our young people are voting with their feet," Butland added.

The Ohio Senate should vote on the tax-reform bill this spring, Butland said, and he encourages residents to call their elected officials in Columbus to oppose it.

"The only way to stop this is to get ordinary people speaking out against it," he said.

Ironically, some statewide business groups and corporations also have come out against the tax-reform bill because some of its most significant changes involve how businesses and corporations are taxed. The bill reduces taxes across the board for businesses, but closes loopholes or adds business taxes that are more difficult to evade.

Depending on the nature of the business, some of them will win and some will lose in the new tax system.

Gov. Taft and supporters of the tax reform proposal, including some of Ohio's largest newspapers, have argued that Ohio's current tax system is based on a time when the state was a manufacturing stronghold. That's no longer the case, they say, contending that the tax system should be reconfigured to take account of the modern service-oriented nature of business, industry and consumerism in Ohio.