



For immediate release
November 28, 2012

Contact: Zach Schiller, 216.272.9072
policymattersohio.org/waysmeans-nov2012

To: Members of the Senate Ways & Means & Economic Development Committee
From: Zach Schiller, research director, Policy Matters Ohio
Re: House Bill 510

Dear Chairman Schaffer, Ranking Member Tavares, and other committee members:

We would respectfully like to suggest that the committee reject House Bill 510 in its current form, or make significant changes that will align with the original attempt by the Kasich administration to cut tax loopholes – but without cutting rates on big banks, in particular. Though the House rejiggered the rate structure, the bill still leaves Ohio’s nine or ten largest financial institutions paying a special low rate on much of their capital. Big banks aren’t better banks, as their role in the recent financial crisis made clear. It is questionable policy for the state to favor them with lower rates.

The House-approved version of the bill chips away at the tax base with a slew of changes. Millions of dollars of new exemptions and credits have been added into the bill. It’s hard to know who will really benefit from some of these changes. However, there’s little question that the positive aspect of the original proposal – to bring financial institutions under a single tax and eliminate a costly exemption, thus reducing the opportunities for tax avoidance – has been undercut. Loopholes should be eliminated, as the administration originally proposed, and not replaced with new ones.

We provide more details in an analysis of the House-approved bill issued in June, which is attached here and available at www.policymattersohio.org/bank-tax-jun2012. An earlier Policy Matters Ohio report examined the governor’s original proposal. It is available at www.policymattersohio.org/bank-tax-april2012.

Thank you very much for your attention.

Sincerely,

Zach Schiller
Research Director

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