



Press statement

For immediate release
March 11, 2014

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More cuts in income-tax rates won't help Ohio

Ohio does not need another across-the-board income-tax cut. That, unfortunately, is the centerpiece of Gov. John Kasich's mid-biennium budget proposal. When fully implemented, it would provide more than \$900 million a year in tax cuts, much of which will go to the most affluent Ohioans, and further shift the tax load to everyone else.

The income-tax rate cut is based on increases in the cigarette, commercial activity and severance taxes. This raises serious questions about the sustainability of the rate cuts. Higher cigarette taxes, though a positive public health measure, are likely to dwindle over time; the severance tax is subject to boom and bust, and is based on finite resources. We need a stronger severance tax than the one outlined today to help pay costs associated with oil and gas production, prepare communities for the future, and to allow all Ohioans to benefit from our resources.

More assistance for tobacco cessation, mental health and addiction services and substance-abuse prevention are welcome. But these areas just scratch the surface of Ohio's needs. For example, protective services for both children and adults need to be bolstered. Additional resources need to be put into bringing down Ohio's scandalously high infant mortality rates. Local government aid needs to be restored, and need-based aid should be increased so more students can afford college. The restoration of funds for K-12 education in the current budget made up for some earlier cuts, but much of that has gone to the competitive Straight A Fund, or new charters and voucher programs. Our state's public schools need funding to bring back teachers and to fund mandates like the Third-Grade Reading Guarantee.

Actions could and should be taken right now to fight poverty in Ohio. As a first step, the administration should accept the federal waiver that allowed more than 100,000 single Ohioans to continue receiving nutrition aid because of high unemployment.

Gov. Kasich's proposal has many elements, and contains some helpful initiatives. The proposed increase in the Earned Income Tax Credit will benefit low-income Ohioans; legislators should look also at making the credit refundable, so it could aid the poorest. Policy Matters Ohio will take a closer look at the budget proposal and provide additional analysis.

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