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The Great Ohio Tax Shift

New report finds that changes since 2005 have widened inequality

Major changes in Ohio's tax system over the past nine years have slashed average annual tax bills for the state's most affluent 1 percent of taxpayers by more than \$20,000, while the bottom three-fifths of state taxpayers as a group are seeing an overall increase.

That is the most significant finding of a report Policy Matters Ohio released today. It is based on an analysis by the Institute on Taxation and Economic Policy, a nonprofit research group in Washington, D.C., with a sophisticated model of the state and local tax system. ITEP examined major tax changes in Ohio since 2005, and how they affected Ohioans last year compared to what tax filers would have paid had the pre-2005 tax system remained in place.

"In effect, lower-income Ohioans are helping to pay for tax cuts for others who earn much more," said Zach Schiller, Policy Matters Ohio research director and the report's author. "The \$20,000 average annual tax cut for Ohioans in the top 1 percent is greater than the *income* of those in the bottom fifth."

The report found that all of the biggest tax changes since 2005, when a major overhaul was approved, have further slanted the state and local tax system in favor of the affluent.

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