



Contact: Zach Schiller, 216.361.9801
policymattersohio.org/tax-plans-are-bad-for-ohio

Tax plans are bad for Ohio, lawmakers told

Additional cuts to Ohio's income tax proposed by Gov. John Kasich and those approved by the Ohio House are unlikely to accelerate job creation and would further slant the state tax system in favor of the affluent, Policy Matters Ohio Research Director Zach Schiller said in testimony to Ohio lawmakers today.

Instead of cutting taxes, Ohio should be looking for additional tax revenue to restore aid to local governments and pay for other unmet needs, Schiller told members of the Senate Ways & Means Committee.

"We need to help more of our young people afford college," he said. "We need to tear down or rehabilitate the tens of thousands of abandoned houses that resulted from the foreclosure crisis. We need to help more families pay for childcare, so the parents can work. We languish near the bottom among states in public health indicators. Our support for public transit ranks below that of South Dakota and needs a substantial boost."

The state tax system is already weighted against low- and middle-income Ohioans, and reducing the income tax further will make it more so. An analysis by the Institute on Taxation and Economic Policy, a nonprofit research group in Washington, D.C., found the bottom three-fifths of Ohioans would pay more as a group under the governor's plan, which includes a sales-tax rate increase. The budget bill approved by the House provides for less of a tax shift, but still would reward the top 1 percent on average with thousands of dollars a year in tax cuts while the bottom 20 percent average less than the price of a gallon of milk.

Both tax plans also raise questions about their long-term sustainability. Gov. Kasich's plan would replace income-tax revenue with money from the slower-growing sales tax. The House plan, meanwhile, is based on more optimistic revenue forecasts and one-time funding.

A number of tax measures that Gov. Kasich has proposed are worthy of consideration. These include raising the severance tax, cutting certain tax breaks, and increasing the rate of the state's main business tax. However, these and other measures to improve Ohio's tax system should be considered on their own, not to pay for unneeded income tax cuts.

###

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