

Opinion: Recent tax ‘reforms’ require answers

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By Dale Butland

On Wednesday, the Ohio House Tax Reform Study Committee will hold a public hearing in Batavia. Seems the Honorables want to hear any ideas you and your neighbors might have for future “tax reform.” I suspect they’re hoping you won’t ask too many questions about their most recent “reforms” – or what they mean for you and your family.

Ohio’s new biennial budget contains five of them. The first is a 10 percent across-the-board income-tax cut. The second is a 4.5 percent increase in the state sales tax. Third, there’s a 50 percent tax cut for business. The fourth reduces the number of seniors eligible to claim the “homestead exemption” on their property taxes. And the fifth will hike the cost of future property taxes by 12.5 percent.

Perhaps you’ve detected a pattern. Taken together, these five “reforms” shift Ohio’s tax burden away from the rich and puts it squarely on the rest.

Take the income and sales tax reforms. The Cleveland-based think tank Policy Matters Ohio crunched the numbers and found that, on average, the richest 1 percent will net a yearly tax cut of \$6,000. Middle-class taxpayers earning \$51,000 will see a whopping cut of 9 bucks. And some of the poorest Ohioans will actually see their taxes go up.

It gets worse.

To pay for these tax cuts that disproportionately benefit the wealthy, Republicans (who control both houses of the legislature as well as the governor’s office) opted to “means test” the homestead exemption (which allows seniors to reduce the taxable value of their homes by \$25,000) and end the state’s 42-year commitment to defray the cost of local levies. Beginning in November, levies for schools, public safety or other local government services will cost taxpayers 12 ½ percent more.

The fifth and final “reform” is a 50 percent cut in taxes for certain business owners, which Gov. Kasich and Senate President Keith Faber have claimed will help small business “big time” and create jobs in the “immediate future.”

But an analysis by the Cleveland Plain Dealer found that 80 percent of Ohio’s businesses will get just \$372 per year, and no business will receive enough from their tax cut to hire even one minimum wage worker. Some “job creator.”

Of course, a small minority of business filers – the top 1 percent again – will rake in over \$7,000 a year. Unfortunately, many of them are either one-person shops (like lawyers or hedge fund managers) who don't want or need to hire additional workers, or passive investors in out-of-state companies who have no influence over hiring decisions.

If tax policies like these aren't your idea of "reform," you may want to ask your state representative or senator a few questions.

First, you might inquire why the Ohio tax code still contains some \$7 billion in special interest loopholes – and why, before they increased your property taxes, legislators refused to close them. Republicans even rejected a proposal to periodically *review* those loopholes. Some are doubtlessly worthwhile. But do owners of private jet aircraft really need a tax break? How about beer manufacturers who pay their taxes a little early? Surely *somewhere* in that \$7 billion there's room for a little reform.

You may also want to ask why – if the goal is job creation – Republicans don't enact tax cuts that mostly benefit the middle class.

History shows new jobs don't come from cutting taxes for rich people. They come from rising consumer demand. No company, large or small, will create jobs unless it believes its customers will buy enough goods and services to cover the cost of those new workers.

If middle- and low-income people have more money in their pockets, they'll spend it buying the cars, refrigerators and washing machines necessary to get our economy humming again.

Finally, I'm sure you'll want to thank your elected officials for sending that House committee down here to solicit your views. But you may want to ask why – if they are truly interested in what you think – they chose to eliminate the property tax rollback with no hearings, no debate and no public testimony. In the future, maybe they should ask what you think about their so-called reforms before they're enacted.

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