



'Ohio Miracle' is an Ohio sham

Guest Column

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By Dale Butland, Innovation Ohio

To hear Gov. Kasich tell it, Ohioans and their communities are better off now than when he took office. He and his allies have balanced the budget, cut taxes and created thousands of new jobs. Kasich calls it the "Ohio Miracle."

But before we fit the governor for a halo, let's examine the claims behind his "miracle."

That Gov. Kasich has balanced the budget is hardly surprising; it's required by the state Constitution. Every Ohio governor balances the budget.

As for tax cuts, there's one small detail the governor always forgets to mention. Under his policies, the rich get the gold mine and everyone else gets the shaft.

Take his new state budget, for example, which includes a 10 percent across-the-board cut in the income tax, and a 4.5 percent increase in the state sales tax. According to the Cleveland-based think tank Policy Matters Ohio, the richest 1 percent will, on average, net a yearly tax cut of more than \$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 mostly benefit the wealthy, Kasich and his allies chose to raise property taxes for older Ohioans by "means testing" the homestead exemption (which allowed all seniors, regardless of income, to reduce the taxable value of their homes by \$25,000) and making local levies more expensive. Beginning in November, levies for schools, public safety or other local government services will cost taxpayers 12.5 percent more.

What about all those jobs Gov. Kasich claims to have created? In fact, most of Ohio's job gains during Kasich's tenure occurred during his first 18 months in office. More recently, job creation has been dead in the water. In June, the U.S. Bureau of Labor Statistics reported that Ohio lost 8,400 jobs, with only two states doing worse. From

July 2012 to July 2013, our job creation rate ranked 46th in the nation, and was 51 percent below the national average.

The new state budget also includes a 50 percent tax cut for certain business owners that Gov. Kasich and Senate President Faber claim will help small businesses "big time" and create jobs in the "immediate future." Maybe that'll turn things around.

Alas, an analysis by the Plain Dealer found that 80 percent of Ohio's businesses will get just \$372 per year, and no business will receive enough to hire even one minimum wage worker. 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.

In short, Kasich's "business tax cut" is bad news for workers who need jobs - but great news for wealthy "job creators" who will be able to stuff another \$7,000 in their pockets.

As bad as Governor Kasich's policies have been for regular Ohioans, they've been even worse for communities and local governments. Partly to pay for those huge tax cuts favoring the rich, the governor and his legislative allies have slashed school funding by a net of \$500 million in their last two budgets and, by cutting the Local Government Fund in half, given localities \$1 billion less than they had when Gov. Kasich took office. They've also taken another \$625 million away from local governments by repealing the estate tax - which only applied to the richest 8 percent of Ohioans.

Taxpayers now have a choice: cut local services - or raise local taxes.

Perhaps Chillicothe City Councilwoman Beth Neal summed it up best. "There is no Ohio Miracle," she said last month. "There is a Chillicothe disaster."

Folks in Trumbull County could easily say the same.

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