



Political Analysts Debate Tax Cuts, Increases In Kasich's Budget

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Activists, lobbyists and other budget watchers are still tearing into Gov. John Kasich's third two-year spending plan, trying to figure out who will be helped by it, and who it will hurt.

Ohio Public Radio's Karen Kasler talked with two Statehouse veterans who have very different opinions on the budget's overall impact.

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Those on the right or conservative side of the aisle say the budget will help everyone benefit from a growing economy, which they say does better based on consumption rather than income taxes. Mike Gonidakis is a Republican analyst, and also the president of Ohio Right to Life.

“If you look at this budget, it puts the poor at top, whether we're talking about education, whether we're talking about money in their pocket. And then it goes to everyone else, because when we talk about education during this debate, the focus is on poor schools and helping them the most.”

And Gonidakis says in this budget, 200,000 low income Ohioans will not pay any taxes because of the proposed increases in the personal income tax deduction. But those on the left or liberal side see Gov. Kasich's third two-year budget as the continuation of a trend that hasn't worked. Keary McCarthy is the former chief of staff for the Ohio House Democratic caucus and is now the president and CEO of the progressive think tank Innovation Ohio.

“This budget, this tax shift continues to perpetuate a cycle in which those who are at the top are favored by this tax shift and more and more Ohioans unfortunately are being left behind.”

McCarthy points to research from the liberal leaning group Policy Matters Ohio that shows Ohioans who earn more than \$350,000 a year pay about 7% of that to state and local taxes, but for those who make around \$50,000 a year, 11% of their income goes to those taxes. While the budget includes a big change in the school funding formula, money for Medicaid expansion and many other programs, most of the attention has gone to that tax shift. The \$5.7 billion dollars in tax cuts and benefits are paid for with \$5.2 billion in tax increases on oil and gas drillers, on cigarettes, on businesses through the commercial activity tax, and through a half-percent increase in the state sales tax. Gonidakis says it’s really not a big jump, but it does what is needed.

“It’s 50 cents per \$100 you spend that will be increased on your sales tax. It’s the appropriate thing to do because it gives people choice. As opposed to saying, we’re mandating that you pay an income tax, we’re going to say, ‘it’s a sales tax. If you choose to buy that TV or that Apple computer or the iPod or the iPad, you’re going to pay a little bit more.”

Gonidakis says essentials such as food and gas aren’t taxed in this budget. But McCarthy says when lower-income people need higher-cost items, that’s when the sales tax increase will really hurt them.

“The increase in the sales tax is going to squeeze me more, because I have fewer resources, it’s going to pinch a larger share of my disposable income than it is for someone making \$350,000.”

McCarthy and Gonidakis agree on the proposed increases in the tobacco tax and the tax on oil and gas drillers. Gonidakis splits with some Republican lawmakers who have raised concerns that an increase in that severance tax would cripple the drilling industry. He says North Dakota and Texas both raise billions from their severance taxes, and the industry isn’t leaving those states. But McCarthy says he’d like to see more than just 20% of the revenue from that tax sent back to communities where fracking is happening.

Original audio:

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