

Innovation Ohio Says Budget Provision Allows 'Unchecked Power' To Contract State Services

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Progressive think tank Innovation Ohio said Tuesday that a portion of the biennial budget proposal that allows the OBM director to contract out any state service would make [Director Tim Keen](#) a "modern day Czar."

Referencing six pages in the budget bill ([HB 153](#)) that describe the ability of Mr. Keen to contract out state services, for up to 75 years, the group noted the language would allow those selected entities to pay no business tax on gross receipts or on income "derived from providing public services." (See [Gongwer Ohio Report, March 31, 2011](#))

The group said there is no requirement that the favored bidder be current on taxes, operate a safe workplace, pay a legal wage, or be an Ohio company that employs Ohioans. Innovation Ohio added there is no prohibition against awarding contracts to major Kasich campaign contributors.

Awards would also not be subject to review or approval by the state Controlling Board, the group said.

"With these 'secret six' pages, the governor's proposed budget takes 'taxpayer rip-off' to a whole new level," Innovation Ohio Communications Director Dale Butland said in a release. "They transform the OBM director into an unaccountable modern day Czar, vested with unchecked power to contract out any state service to any company he alone deems 'qualified.'

"A generous Kasich campaign donor behind on his taxes, who operates a call center in Bangladesh paying workers \$4 per day, would pay no business taxes on income from a state contract providing job re-training advice to unemployed Ohioans over the phone," he said.

"Of course, public scrutiny, legislative oversight, and tax fairness don't mesh with privatizing state services 'at the speed of business.' It's a 'new day and a new way,' and transparency and fairness are so yesterday."

Office of Budget and Management spokesman Dave Pagnard explained the tax break as "To the extent that an existing state program or service is not subject to a business tax, a contractor providing that service on behalf of the state also would not be subject to that tax."

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