

Alternative estate tax proposed

New plan would alter the tax, not kill it

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It appears the days are numbered for Ohio's estate tax. Both the State House and Senate's two year budget proposals want to get rid of the tax. As a conference committee hammers out the final version of the budget, there's a new proposal that would change the tax rather than get rid of it. Ohio Public Radio's Jo Ingles reports.

Ohio's estate tax raised an estimated 286 million dollars last year. Eighty percent of those dollars went to local communities. If the estate tax is eventually eliminated in the final version of the two year state budget, local governments which are already taking a huge reduction in state funding, will be hit once again according to a liberal think tank. Dale Butland of Innovation Ohio says lawmakers should look at mending, not ending the estate tax.

Butland - In Ohio we have the estate tax kicking in a 330 thousand dollars which hits a lot of middle class people because your home value and your retirement accounts are included in the calculation. So instead, what we'd like to see happen is to have the threshold raised to one million dollars so that you don't get taxed if your assets are below a million dollars and then raise the rate up to the national average of 16 percent

Butland says making this change would make sure only wealthy Ohioans get hit with the tax. He says raising the rate would insure people who have means to pay more actually do so and would keep communities afloat during tough financial times.

Butland – Since they are already getting their local government funds cut under the Kasich budget by almost 50 percent, this would be a huge hit.

Butland says Ohio's wealthiest citizens have not been asked to sacrifice anything in the current budget proposals. He says they are the ones who can most afford to sacrifice.

Butland – 80% of the total increase in income in the last roughly 10 or 15 years, the top one percent controls about 40% of the total wealth in this country. The top 10% control more wealth than the bottom 90% put together.

But advocates for abolishing the estate tax aren't embracing Butland's plan. Jack Boycle is with Citizens United to end Ohio's Estate tax....a group that's been working to get rid of the tax altogether. He sees Innovation Ohio's proposal as a last ditch effort.

Boyle – This is just a hey, let's just try to put a stake in the ground and see if we can save one more tax. A million dollars, they are just trying to pull it out of thin air because they know that if they don't do something fast, it will be gone. I honestly think it's too late, It will be gone.

Boyle admits wealthier Ohioans are the ones who are hit by the estate tax so abolishing it will help them. But he says it's important to remember these wealthy Ohioans are the ones who have businesses and provide jobs. Boyle says the current estate tax encourages them to move out of Ohio in their golden years.

Boyle – We are giving wealthy Ohio citizens who we need their capital to build the economy of the future, we are giving them a 7% incentive to take their money and go. And they are doing it in overwhelming numbers.

Boyle says Butland's premise that the estate tax funds local communities that are struggling to make ends meet is not really the case. Boyle points out most wealthy people live in wealthy communities. And under the current estate tax, Boyle says struggling communities are already at a disadvantage.

Boyle – We need to think about those communities that actually have fiscal distress, that actually have difficulty raising the funds they need to provide the services they need to provide. Pepper Pike, Bexley and Upper Arlington are going to have tulips coming up in the beds outside city hall whether there's an estate tax or not.

Governor Kasich has advocated for abolishing Ohio's estate tax. But he's also talked about shared sacrifice. Butland says, at this point, wealthy Ohioans who would be hit by the estate tax are the only ones who haven't been asked to make sacrifices.

Audio:

<http://www.wksu.org/news/story/28587>