

NOTE: *“This tax reform...would be another important step toward enhancing Ohio’s reputation as a great place for business and, by extension, a great place to live.”*



Sunday, June 23, 2013

Welcome tax reforms: editorial

Reforming the tax system in Ohio is the type of bold move that could produce great benefits in terms of economic development and growth.

The plan being proposed by the Ohio legislature is fair, placing a greater burden on those who are wealthier and consume more goods, but it also rewards success and encourages job creation by not taking away as much of people’s income in taxes, benefiting both workers and employers.

Highlights of the proposal, which would result in an estimated net three-year tax reduction of \$2.6 billion, include instituting a 10 percent personal-income-tax reduction, phased in over three years; a 50 percent deduction on business income up to \$250,000, which would particularly benefit small businesses; the elimination of the 12.5 percent currently paid by the state on local property-tax levies; and restricting the homestead exemption, which lowers the property tax for those over the age of 65, to those with less than \$30,000 per year in income. The latter is a return to the pre-2007 rule.

At the heart of the reform, also backed by Gov. John Kasich, is the idea of shifting from income taxes to consumption taxes. This “flatter and fairer” approach, closing tax loopholes and broadening the overall tax base, has been favored by a broad array of economists in recent years.

“The literature is overwhelming that increasing taxes on income is harmful to growth,” says Richard K. Vedder, professor of economics at Ohio University and former senior economist at the U.S. Joint Economic Committee.

Editorial continued here: <http://www.dispatch.com/content/stories/editorials/2013/06/23/1-welcome-tax-reforms.html>

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