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**LT. GOVERNOR JOHNSON TESTIFIES BEFORE U.S. HOUSE  
SUBCOMMITTEE ON STATE TAX INCENTIVES**

Lt. Governor Bruce Johnson today testified during the Joint Oversight Hearing on "Economic Development and the Dormant Commerce Clause: the Lessons of Cuno v. Daimler Chrysler and Its Effect on State Taxation Affecting Interstate Commerce." Johnson testified at the request of Congressman Steve Chabot, chair of the Subcommittee on the Constitution.

"Simply put, Ohio's ability to secure economic prosperity for our citizens is being hampered," Johnson told the Committee. "To help secure the prosperity of Ohio's citizens, and the citizens of all states, legislation must be enacted that returns the power to regulate tax credits to the states."

In September 2004, the U.S. Court of Appeals for the Sixth Circuit found Ohio's Manufacturing Machinery & Equipment Tax Credit unconstitutional. The decision was the result of a suit filed by Toledo taxpayers over an incentive package offered to DaimlerChrysler for a \$1.2 billion expansion of their Toledo Jeep facility in 1998. The State of Ohio helped secure the project through various incentives, including the M&E Tax Credit.

Johnson told the committee the need for incentives is a market reality, noting that Ohio used them to assist 193 companies committed to locating or expanding in Ohio last year. Those companies committed to creating or retaining more than 53,000 jobs, with an average hourly wage of \$17, representing a nearly \$3.4 billion combined investment in Ohio. Incentives included tax credit, financing and grants.

The M&E tax credit is available to any company investing in new manufacturing equipment in Ohio. Since the credit's inception in 1995, the Ohio Department of Development has received more than 18,000 filings claiming eligibility for the credit. These filings show that companies invested \$34.2 billion in new machinery and equipment, making them eligible for more than \$2 billion in credits. The remains in effect while the State of Ohio is appealing the case to the Supreme Court.

Congress is currently considering legislation that would expressly allow states to offer such credits under the Commerce Clause of the U.S. Constitution. Johnson's full testimony can be found at <http://www.odod.state.oh.us/newsroom/>