

NEWS RELEASE



Lt. Governor Bruce Johnson

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ECONOMIC MODELING REPORT SUPPORTS TAX REFORM

COLUMBUS -- Lieutenant Governor Bruce Johnson today released a report from REMI Consulting, Inc. (RCI) detailing the economic impact of Governor Bob Taft's tax reform plan. The study indicates that the plan will create more than 43,000 jobs and add \$2.5 billion to Ohio's Gross State Product by Fiscal Year 2010.

"We have been saying that this tax plan will help unleash Ohio's economic potential, and this report clearly shows that it will," said Johnson, who also serves as state development director. "Governor Taft's tax reform proposal will help create 43,000 jobs and add more than \$2 and half billion to Ohio's economy over the next five years."

The RCI report specifically addressed six elements of Governor Taft's tax reform plan, as passed by the Ohio House of Representatives: a 21% reduction in the state personal income tax; a .5% reduction in the state sales tax; the elimination of the tangible personal property tax on machinery and equipment, inventory, and furniture and fixtures; the elimination of the corporate franchise tax, increases in the excise tax on tobacco and alcohol and the creation of a broad-base, low-rate commercial activities tax (CAT).

While stating that all taxation has a negative impact on economic growth, it found the proposed commercial activities tax provides the most stable source of revenue and is the most supportive of economic growth, when compared to the Ohio's existing business taxes. The report goes on to say that because both Ohio and non-Ohio firms selling in Ohio would be taxed the same under the CAT, Ohio-based firms are not placed at a competitive disadvantage as they are with the current tax structure. It also states that the CAT exemption on exported goods further reduces the competitive disadvantage that Ohio exporters face under the current tax structure.

"The implementation of these proposed changes results in net increases in employment, GSP, and income, without offsetting tax or expenditure changes," said George Treyz, Ph.D., President of RCI.

The report found that when taken as a whole, these changes would, by FY 2010, increase employment in Ohio by 43,250, increase Ohio's annual GSP by \$2.5 billion, and result in \$884 million in real fixed investment by businesses. In addition the report finds that the changes will help boost Ohio's population by nearly 40,000 people.

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“This information gives us an excellent opportunity to demonstrate the benefits of tax reform as we continue through the legislative process,” said Johnson. The plan has passed the Ohio House of Representatives as part of the biennial budget bill and is currently being considered by the Ohio Senate. It has received support from a broad and diverse coalition, which includes the Ohio Business Roundtable, the Ohio Chemistry Technology Council, the Ohio Dental Association, the Ohio Economic Development Association, the Ohio Farm Bureau Federation, the Ohio Manufacturers’ Association, the Ohio Society of Certified Public Accountants, the Ohio State Bar Association and the Ohio State Medical Association. More information on the plan, including a full list of local supporters can be found at www.jobsforohio.com.

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