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New data: Ohio’s state tax burden lower than most states

New statistics from the U.S. Census Bureau show that the burden of state taxes is lower in Ohio than most other states, including all of Ohio’s neighbors.

That’s the conclusion of an analysis of census data by the Federation of Tax Administrators (FTA), the association of the nation’s state tax departments. According to the FTA analysis of data released last week, Ohio’s state tax burden during fiscal year 2009 was:

- 35th highest on a per capita basis. In other words, only 15 other states collected less in taxes per person than Ohio did last year.
- 33rd highest when measured as a percentage of Ohioans’ personal income. By this measure, only 17 other states collected a lower percentage of taxes than Ohio.

“These new figures bear out what we’ve been saying: Ohio is not a high tax state, certainly not where state taxes are concerned,” Ohio Tax Commissioner Richard A. Levin said. “That’s what these new census figures show.”

In 2005, the state tax burden in Ohio was closer to the middle of the pack: 27th highest per capita and 28th highest when measured as a percentage of personal income, according to the FTA.

Ohio’s improved national ranking seems to reflect the impact of a package of tax reductions and reforms

enacted in 2005 and gradually phased in during the past five years, Levin said.

State tax burdens, ranked nationally... (1st is heaviest; 50th is lightest)		
	...on a per capita basis	... as a percentage of personal income
West Virginia	15 th	6 th
Michigan	24 th	18 th
Indiana	26 th	17 th
Kentucky	28 th	14 th
Pennsylvania	22 nd	29 th
Ohio	35th	33rd

SOURCE: Federation of Tax Administrators.

The tax cuts include a 17 percent reduction in income tax rates and the elimination of two major business taxes on corporation profits and business property. The overall net savings to taxpayers: About \$2.1 billion this fiscal year alone.

“By phasing out complex and antiquated business taxes, state leaders have eliminated barriers to investment and given businesses a new reason to consider creating jobs in Ohio,” Levin said. “And these changes have certainly lowered the tax burden. This package of tax reductions was the largest in Ohio in at least 70 years.”

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Note: Media with questions should contact John Kohlstrand at (614) 644-3858. Taxpayers with questions should call either (800) 282-1780 for individual tax issues or (888) 405-4039 for business tax matters.

Further reading:

A more detailed table comparing the tax burdens in all 50 states during fiscal year 2009 – measured either on a per capita basis or as a percentage of personal income – is available from the Federation of Tax Administrators at:

<http://www.taxadmin.org/fta/rate/09taxbur.html>

A fact sheet that summarizes Ohio’s five-year tax reform effort is available at:

http://tax.ohio.gov/divisions/communications/news_releases/documents/Tax_reform_fact_sheet.pdf