



Continuing to Strengthen Ohio: Cutting the Income Tax and Stimulating Job Creation *New Policies Designed to Achieve Long-Term Economic Growth for Ohio*

COLUMBUS, Ohio – March 11, 2014 – Governor John Kasich today introduced his 2014 Mid-Biennium Budget Review (MBR), which outlines new policies that will continue to move Ohio forward. Since 2011, more than 238,000 private sector jobs have been created in Ohio, and this MBR directly builds upon this forward momentum.

By enabling Ohioans to keep more of their hard-earned money and instituting jobs-friendly policies, such as the 50% Small Business Tax Deduction, Ohio has established a pro-growth foundation. To further stimulate Ohio's economic recovery, this MBR proposes to make deeper reductions to the state income tax to push the top rate below 5 percent.

Tax Commissioner Joe Testa says leading economists believe and economic studies show that high income taxes harm job creation. "As the Governor mentioned in his State of the State address, Ohio has lost more than \$12 billion in income since 1995 as Ohioans left for states with lower income tax rates. We have made admirable progress to turn this around, but the bottom line is there is still more work to be done. We are dedicated to strengthening Ohio and the proposed policies in this MBR serve to reinforce our mission, and move us further down the path to a better Ohio."

The [fact sheet](#) provides more in-depth details of the tax-related MBR proposals, but major highlights include:

- An 8.5% individual income tax cut over three years beginning in Tax Year 2014; this would be added to scheduled tax cuts in 2014 and 2015.
- Income-based increases in the \$1,700 individual exemption; \$1,000 more for incomes under \$40,000, \$500 more for incomes from \$40,000-\$80,000.
- Expansion of the Ohio Earned Income Tax Credit from 5% to 15% of federal EITC
- Cigarette tax increase from \$1.25 to \$1.85 over two years.
- Other Tobacco Products rate increase from 17% to 49% (includes e-cigarettes); new rate would be equivalent to cigarette tax rate.
- Increasing the Commercial Activity Tax rate from 0.26% to 0.30%, the first rate increase in eight years.
- Updating 30-year-old Severance tax rates on oil and gas to a rate of 2.75% of gross receipts from horizontal drilling, one of the lowest rates in the country.

In addition, for a comprehensive overview of the entire 2014 Mid-Biennium Budget Review please visit [Transforming.Ohio.Gov](#).

###

Media Contact:

Gary Gudmundson | Ohio Department of Taxation
Communications Director | Gary.Gudmundson@tax.state.oh.us
614.466.0099 (office) | 614.507.9723 (cell)