

# FY 2016-17 Budget Proposal Overview

Based on the Governor's 2/2/15 proposal



Drafted 2/10/15

Since 2005, Ohio has cut the income tax repeatedly hoping for jobs - it just hasn't worked. We've lost jobs, seen paychecks shrink, and cut billions of dollars from our communities. This proposal is a massive tax shift from the wealthy to everyone else with minimal investments to meet the many needs around Ohio.

## Policy Proposal:

## What it means:

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| - 23% income tax cut. Cuts \$4.6 billion.  | - Primarily benefits the wealthiest Ohioans, while cutting public investments.  |
| - Eliminates tax for pass-through-entities. Cuts \$696 million.  | - Large tax cut for some business owners.   |
| - Expands personal credits for those making under \$80,000. Cuts \$372 million.  | - Will reduce taxes for some low/middle income Ohioans, but fails to address lack of investments.                                       |
| - Increases state sales tax to 6.25% and broaden base to additional services. Raises \$2.4 billion.  | - Continues to increase taxes on low and middle income Ohioans to pay for income tax cut.   |
| - \$1 a pack increase on cigarettes and other tobacco taxes changes. Raises \$991 million.   | - Another regressive shift to pay for an income tax cut, even considering public health benefits.                                       |
| - Increases Commercial Activity Tax rate from .26% to .32% (\$691 million) and severance tax to 6.5% (\$325 million).                        | - Wealthy corporations and oil and gas drillers need to pay their fair share, but not to fund income tax cuts.                          |
| - Eliminates school and local government TPP reimbursements. School funding formula will cut funding for about half of all school districts. | - K-12 funding does not keep pace with inflation (\$446 million). Continues to shift tax load onto local property taxes.                |
| - Incorporates 'Medicaid Expansion' funding into regular Medicaid budget.  | - Continues Medicaid option for low-income families. Some will have to pay a premium.   |
| - Increases eligibility for childcare subsidy from 200% to 300% of poverty level.  | - Invests additional \$14 million, 'only new money in health and human services reform.'  |
| - Institutes 2% then 0% tuition cap for higher education. Invests \$200 million.   | - Since 2005, Ohio has cut an inflation adjusted \$560 million from higher education. Average tuition has increased 30% from 2005-2013. |
| - Increases public transit funding from \$7.3 to \$8.3 million.  | - Study by Ohio Department of Transportation recommended that Ohio invest \$96 million.   |
| - Increases non-Medicaid spending for Developmental Disabilities by \$277 million.   | - One of a few notable investments in a budget largely focused on tax cuts.   |

\* This overview contains many, but not nearly all, of the major policy and funding changes proposed. Go to [www.oneohionow.org/action](http://www.oneohionow.org/action) for updated information.