



OHIO'S JOBS BUDGET 2.0

JOBS. MOMENTUM. TRANSFORMATION.

Helping Small Businesses

Cutting Taxes, Strengthening the Workforce and Improving Infrastructure to Help Job Creators

Small businesses are the drivers of our economy, making up roughly 98 percent of all Ohio businesses and employing half of our state's private-sector workforce. Over the past two years, a lot has been done to help small businesses in Ohio – reinstating a \$450 million income tax cut, saving taxpayers more than \$300 million by eliminating the death tax, and cutting overly burdensome regulations are just a few examples. In the process, we've seen Ohio swing from 48th in job creation to one of the top job creators in the country and 1st in the Midwest. In order to keep our state moving forward, Ohio's Jobs Budget 2.0 proposes several new reforms that will help small businesses continue to grow and create jobs.

\$1.9 Billion Small Business Tax Cut: Income taxes on virtually all Ohio small businesses will be cut in half. Personal income taxes paid by owners of small business will be reduced 50 percent on the first \$750,000 of earnings. This dramatic tax cut frees significant amounts of new capital (\$1.9 billion over three years) for small businesses to better leverage the expanding economic recovery and make new investments and increase hiring to improve their competitiveness. For example, a small business with \$750,000 in annual net income would save approximately \$20,000 through tax reductions under the Kasich plan.

Reducing the Cost of Government: Treating every tax dollar as if it was his own, Gov. Kasich has regularly challenged his Administration to identify opportunities to reduce the cost and size of government. Reforms in the governor's proposal will result in a \$1.3 billion net tax cut for Ohioans over three years, largely achieved by making innovative reductions in spending and identifying opportunities for cost savings. Reining in the cost of government reduces the reliance on tax dollars, giving job creators more money to hire additional people and invest in their operations.

Sales Tax Rate Cut: The state sales tax rate will be cut from 5.5 percent to 5.0 percent, saving Ohioans an estimated \$2.4 billion over three years. Ohio's strong consumer products companies and retailers will be positively impacted by this reduction as well, since Ohio consumers will see less of their money taken by government and more available for their purchases.

Producing a Better Educated Workforce: A well-educated workforce is key to small-business success and Ohio's ongoing economic recovery. Gov. Kasich's budget builds upon the Administration's efforts to improve education outcomes for those in both the K-12 and higher education systems, better preparing Ohioans for work opportunities and providing job creators with the talent they need to be successful. Children in grades K-12 will get the support they deserve to be successful, and funding for Ohio's two- and four-year universities will be tied to degree completion rather than enrollment. These steps will keep the emphasis of our education system on outcomes rather than inputs, ultimately producing a stronger workforce.

Improving Ohio's Infrastructure without a Tax Increase: Ohio's job creators depend on the ability to efficiently ship raw materials and goods throughout the state and across the country. We face a \$1.6 billion deficit in our infrastructure budget. Under Gov. Kasich's proposal, Ohio could access as much as \$3 billion for major Ohio transportation projects through \$1.5 billion in new bonds—issued by the Ohio Turnpike Commission and backed by future Turnpike revenues—and an additional \$1.0 to \$1.5 billion generated from matching local and federal funds.

While transportation projects in northern Ohio, including the Turnpike, will receive most of the new Turnpike funds, this plan frees up the Dept. of Transportation to spend the state's gas tax and federal funds on highways downstate—allowing all projects to move forward faster and helping businesses throughout Ohio gain access to better roads, bridges, and rail systems.

BOTTOM LINE: Cutting taxes, producing a well-educated workforce and fixing Ohio's infrastructure without a tax increase will give job creators, especially small businesses, more opportunities to grow and create jobs across the state.

###