

Monday, February 25, 2013

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## Lt. Governor Meets with Local Business Owners

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Several executives from the area told Taylor while the proposals put forward by Gov. John Kasich aren't perfect, they believe lowering corporate, sales and income taxes will positively affect their bottom lines.

"I think it's the right direction because what I'm gonna do with the money I save from these less taxes that I'm gonna pay, I'm gonna re-invest it in my company. And in the long term, that's gonna make my employees more efficient," said David Hughes of Specialty Fab.

"In Ohio, I think we actually have a chance to work together," said Stan Shearer of Northwestern Mutual. "I don't think there's a silver bullet. I think it's a step in the right direction and it will not be perfect for everybody. But I think everybody will get something out of it.

Claudia Kovach of City Machine said her employees would receive those tax savings in their paychecks.

"All of our employees will get some tax savings in their paychecks, as well as business," Kovach said. "So I think it's a win-win for everybody. You could hire an extra person with a tax cut. You could buy some new equipment. You could give raises to employees."



The Valley's Homepage

Tuesday, February 26, 2013

## Lt. Gov. Mary Taylor touts the governor's tax proposal

<http://www.vindy.com/news/2013/feb/26/taylor-touts-tax-proposal/>

The governor's tax proposal that includes a 50 percent tax cut for small businesses in addition to other sweeping changes to the tax codes will help Ohio's economy grow, Lt. Gov. Mary Taylor said.

Speaking Monday with local business owners at an event at City Machine Technologies Inc., a Youngstown machine-repair shop, Taylor, a Republican, said the proposed tax changes in Gov. John Kasich's \$63.3 billion, two-year budget proposal would make it "easier to do business" in Ohio and attract companies to the state.

The small-business cut allows a deduction of up to \$375,000 from the first \$750,000 of business income.

"It's a favorable, positive step for small businesses," Taylor said at the first small-business panel discussion Taylor has had since the governor unveiled his proposed budget Feb. 4.

Kasich's proposal calls for significant changes to the state's tax system. Besides the small-businesses cut, Kasich wants to reduce the sales tax by 20 percent over three years and cut the state's income-tax from 5.5 percent to 5 percent while applying it to a broad range of additional items.

Overall, the proposal would save \$1.4 billion over three years, according to state tax officials. But that assumes every piece of the proposal is implemented.

Also, Kasich's budget includes an increase in taxes on major gas and oil frackers with an estimate from his office that the tax would bring in about \$155 million annually and grow to \$415 million a year in the near future.

Democrats criticize the Republican governor's proposal for doing "little for our small businesses that create jobs" and that it would tax "thousands of services and products [that] will actually have a negative impact on our economy," said Jerid Kurtz, Ohio Democratic Party spokesman.

The Plain Dealer of Cleveland recently reported that about 80 percent of Ohio's small-business owners potentially affected by Kasich's proposal would save \$400 or less per year.

About 575,000 small-business owners who report company income on their personal taxes — which qualifies them for the cut — have net income after payroll of no more than \$25,000 annually, the newspaper reported citing information from the Ohio Department of Taxation. Those making \$25,000 a year would receive \$400 annual savings beginning next year.

Taylor declined to comment Monday on the article, saying she hasn't read it.

But she said that any tax dollars saved by businesses and workers "will be reinvested back into the community and it most likely will be the local economy" for "entertainment activities" or dining out.

Under Kasich's plan, several "entertainment activities" such as concerts, sporting events, amusement parks, fairs, museums and bowling would begin charging a 5-percent state sales tax if the state Legislature approves the proposal. Those activities currently aren't taxed by the state.

"Lt. Gov. Mary Taylor is misleading when she claims the tax [dollars] would be reinvested back into the communities when, in fact, it will directly pay for a giveaway to Ohio's wealthiest," who will benefit from the small-business tax cut, Kurtz said.

Some business officials at Monday's event said the tax cuts will be beneficial to their operations.

David Hughes, owner of Specialty Fab Inc., a custom-steel fabricator in North Lima, said Kasich's proposal would save him about \$17,000 to \$18,000 annually, and he plans to install a new manifold system at his business that "will make us so much more efficient and make our rates more competitive."

Tony Mirto, vice president of Rhiel Supply in Austintown, said he supports the governor's proposal, even though he doesn't know how much money his company would save. Rhiel sells janitorial supplies and equipment as well as pools, hot tubs and pool tables.

Unlike the federal government, the governor is offering a permanent solution to taxes, Mirto said. Though broadening the sales-tax base is an issue, the overall proposal would be positive and benefit the state, he said.

Tony Paglia, vice president of government affairs for the Youngstown/ Warren Regional Chamber, said reaction to Kasich's proposal from many of the organization's 2,600 members is positive.

A reduction in the sales, income and small-business taxes will help the chamber continue to successfully market the Youngstown area to business owners, he said.



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## Lt. Governor pushes Kasich's tax plan

[WATCH VIDEO HERE](#)

YOUNGSTOWN, Ohio - Ohio's Lieutenant Governor visited the Valley on Monday to meet with business leaders to discuss and find out their reaction to the Governor Kasich's tax cut plan.

Lieutenant Governor Mary Taylor met with business owners and leaders at City Machine Technologies rolling out Governor John Kasich's plan to make Ohio more business friendly.

"A 50 percent tax cut obviously for a small business is going to be significant, again reinvest in their business, innovate a new technology, hire more Ohioans. The 20 percent reduction in the overall personal individual tax rates so every Ohioan in Ohio that pays taxes is going to see a 20 percent cut over 3 years," Taylor said.

CMT's Vice President of Operations says the tax savings will help companies keep people working as the costs of doing business keep going up.

"With the cost of health care, cost of regulations, with the cost of taxes it's just a little extra cushion to help us do business," said Claudia Kovach, Vice President of Operations for CMT.

David Hughes, President of Specialty Fab in North Lima, says if the tax cuts are passed by state lawmakers, the savings will be used to buy equipment that will help his business stay competitive.

"We're going to put in a whole new manifold system that supplies our gas, oxygen and CO2 throughout our facility," Hughes said.

Business owners and leaders who filled the room say it is a needed start. "I've had several businesses leave Ohio because of the taxes. I think this is a step in the right direction. I believe we are knocking the rust off the rust belt," said Stanley Shearer, Northwestern Mutual Life.

The Youngstown Warren Regional Chamber of Commerce, which represents about 2,600 small businesses, says the tax changes have the potential to help drive the economy forward.

"The chamber being the economic development agency for the area this helps us to attract new businesses into the area as well. They like to hear about our tax structure and reform and things like that," said Tony Pagalia, Youngstown-Warren Regional Chamber.



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[http://www.wkbn.com/content/news/local/story/Lt-Governor-Meets-with-Local-Business-Owners/M716EN7bWU6L8v96mZRaqg.csp?rss=1661&utm\\_source=twitterfeed&utm\\_medium=twitter](http://www.wkbn.com/content/news/local/story/Lt-Governor-Meets-with-Local-Business-Owners/M716EN7bWU6L8v96mZRaqg.csp?rss=1661&utm_source=twitterfeed&utm_medium=twitter)

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Thursday, February 28, 2013

## Taylor Meets with Business to Discuss Tax Changes

YOUNGSTOWN, Ohio – Gov. John Kasich’s proposed changes to the state’s tax structure will help boost the small businesses that drive the economy, Lt. Gov. Mary Taylor said Monday during a press event at City Machine Technologies Inc.

Taylor joined local business leaders for a panel discussion regarding components of the tax reform plan Kasich unveiled recently. The governor has proposed a 20% cut in the state income tax and a 50% tax cut for virtually all of the state’s small businesses. He also has called for cutting the state’s sales tax from 5.5% to 5%, but for broadening it to cover services and products that do not now collect sales taxes.

“Essentially, the governor’s proposal on the sales tax modernizes the sales tax to more closely match the society that we live in today, an economy that has shifted more toward the service sector,” Taylor said. “It really is modernizing that with an understanding that income taxes on small businesses are harmful.” Taylor noted that she pays sales tax when she gets a manicure, but doesn’t when she gets her hair cut, a situation that would change under the governor’s proposal.

“It’s really about eliminating the tax on necessities and subjecting the tax more toward those things that are not necessities -- they’re wants,” she said.

The change in the severance tax, “to increase the rate for the tax that is charged on assets that are leaving the ground in Ohio,” is aimed at new fracking activities, she said. “The rate is still significantly lower than our surrounding states but the proposal also exempts the traditional driller that’s in Ohio today. If you think about some of the small businesses that have been drilling in Ohio for years, they now will be exempt from the severance tax,” she said.

The lieutenant governor also said she has already heard from small business that the tax cut will provide “a real opportunity to invest” in their businesses or employ more Ohioans.

About 95% of the Youngstown/Warren Regional Chamber’s 2,600 members are “small businesses in the strictest sense,” said Tony Paglia, the chamber’s vice president for government affairs. The chamber tells companies that are considering the Mahoning Valley that the state is in the process of reducing its income tax, helping to create the impression of Ohio as a “business-friendly state.”

Other members of the panel outlined how they plan to use the savings from the tax cut.

“The tax cut means a lot to us because we’re always investing in our future,” said Claudia Kovach, vice president of City Machine Technologies. The cut will allow CMT to purchase more equipment, she said.

Specialty Fab Inc., a North Lima custom fabricator, is going to install a new manifold system to supply oxygen and carbon dioxide throughout the shop, said David Hughes, president. “Right now we do everything by individual bottles. It’s going to be quite a savings,” he said.

“You’ve heard these stories. This tax savings is going to remain in the Mahoning Valley,” Kovach remarked.

Although the 50% tax cut “does nothing for us” as a C corporation, L. Calvin Jones & Co., Canfield, which sells insurance to businesses, will benefit by improving the economic environment in Ohio. “The only way we have the opportunity to grow is new business coming in” that are in need of insurance, said Jim Klingensmith, partner and vice president. “Anything that can be done to help small businesses be attracted to the state is good.”

“At least this plan is a permanent plan,” unlike temporary tax cuts that have emanated from Washington, D.C., said Toby Mirto, vice president of Rhiel Supply, Austintown, who was in the audience for the panel. “You have to make things permanent to have a lasting effect on the economy.” There may be provisions of the plan he is not in favor of, he acknowledged, “but I try to look at as what’s best for the state of Ohio, not specifically what’s best for my company.”

Before the event began, the Ohio Democratic Party issued a statement criticizing the tax proposal as doing little for the state's small businesses. The plan "to begin taxing thousands of services and products" previously not covered by the state sales tax "will actually have a negative impact on our economy," said Jerid Kurtz, ODP spokesman.

Taylor disagreed. "If you look at the overall proposal it's a tax cut," she remarked. "It's a tax cut for any Ohioan who pays income taxes; it's a 20% reduction in tax. It's a 50% cut for small business that will in fact have a positive impact."

During a subsequent news conference, Mahoning County Auditor Mike Sciortino also criticized Kasich's tax proposals. "The folks it's going to hit the most are those folks -- like the majority of the citizens here in Mahoning County -- who are middle class," he said. The changes to the tax structure would hurt small businesses "trying to thrive in this economy," he contended.

"How do you guarantee that a sales tax break in that type of percentage will be made up from the across-the-board increase?" Sciortino asked. "In other words, I want to see the business plan."

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