



# Transforming Ohio for Growth

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*Stronger. Together.*

## **CUTTING TAXES BY OVER \$1.9 BILLION**

### ***Eliminating Income Tax for Virtually All Small Businesses, Across-the-Board Income Tax Cut for Individuals***

In his first term, Gov. John R. Kasich cut taxes \$3 billion by reducing income tax rates 10 percent, cutting small business income tax 50 percent (increased to 75 percent for 2014), eliminating the estate tax and giving targeted tax relief to low- and middle-income workers. These tax cuts helped spur Ohio's economic recovery, which has seen 360,000 new private-sector jobs created since 2011 and our unemployment rate reach its lowest level since 2001. The new budget seeks to further this success with an additional \$1.9 billion in net tax cuts.

### **\$1.9 BILLION IN NEW TAX CUTS**

- **Eliminating Income Tax for Many Small Businesses by 2017:** The budget continues the current 75 percent tax cut for small businesses earning under \$250,000 in income, and in FY2017, eliminates these taxes all together. For business income above that level, Ohio will establish a new, low flat tax rate of 3 percent. This dramatic tax cut will free up nearly \$950 million in new capital over two years for Ohio's hometown businesses to better leverage the expanding economic recovery, make new investments and increase hiring to improve their competitiveness.
- **6.3 Percent Income Tax Cut for All Ohio Taxpayers:** Personal income tax rates will be cut for all Ohio taxpayers by an additional 6.3 percent. This change means Ohio's top marginal rate will have been cut from 5.925 percent in 2011 to 4.97 percent in 2017.
- **Increasing Ohio's Cigarette Tax:** Ohio's cigarette tax increased to \$1.60 per pack from \$1.25.

**BOTTOM LINE:** By phasing out the income tax for many small businesses and cutting the overall personal income tax rate by 6.3 percent, the budget will help our state keep its job creation momentum and become more attractive to job creators and entrepreneurs, while helping Ohioans keep more of what they earn.

