



## **Transforming Ohio for Growth**

*Stronger. Together.*

### **FUELING THE ENGINES OF GROWTH: OHIO'S SMALL BUSINESSES**

#### ***The New Budget Continues Gov. Kasich's Commitment to Small Business As the Engine of Jobs Creation and Economic Well-Being of Ohio's Hometowns***

Small businesses are some of the most important drivers of our economy, making up roughly 98 percent of all Ohio businesses and employing half of our state's private-sector workforce. Since taking office, Gov. John Kasich has enacted \$5 billion in tax cuts for all working Ohioans, including eliminating the estate tax, cutting the state income tax by more than 16 percent, creating substantial tax deductions for small businesses, and giving targeted tax relief to low-income workers.

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

- **Eliminating Income Taxes for Many Small Businesses by 2017:** The budget continues the current 75 percent tax cut for small businesses earning under \$250,000 in business income, and in FY2017, eliminates these taxes all together. For businesses above that income level, Ohio will establish a new, low flat tax rate of 3 percent. Over the next two years, this dramatic tax cut will free up nearly \$950 million in new capital for Ohio's hometown businesses to better leverage the expanding economic recovery, make new investments and increase hiring.
- **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.

**BUILDING ON WHAT WORKS:** Provisions in the budget that support small businesses and promote a jobs-friendly climate are just the latest in a long record of policies in support of entrepreneurs.

- **Reforming Ohio's Regulatory Environment:** Led by Lt. Gov. Mary Taylor, the Common Sense Initiative (CSI) was one of the first initiatives of the Kasich Administration, charged with eliminating excessive or duplicative rules and regulations that stand in the way of job creation. Since 2012, CSI has reviewed more than 5,500 rules and regulations for their impact on job creators.
- **Cutting Taxes to Spur Economic Growth:** With his signature on this budget, Gov. Kasich has enacted \$5 billion in tax cuts for all working Ohioans. These cuts include total elimination of the estate tax, reducing the state income tax more than 16 percent, large increases in small business tax deductions and giving targeted tax relief to low-income workers.
  - In Gov. Kasich's first year in office, he moved forward with a scheduled \$450 million income tax cut that had been put on hold by the previous administration.

- Ohio's estate tax (the "death tax") was eliminated making it easier for families to pass their business down to a family member without penalty.
- In 2013, Gov. Kasich's second budget included net tax cuts of \$2.7 billion, including a 10 percent income tax cut and a 50 percent small business tax deduction.
- In 2014, Gov. Kasich increased the small business tax deduction to 75 percent.
- Returning \$2 Billion to Job Creators in Workers Compensation Rebates: Thanks to strong investment management and efficient operations, the Ohio Bureau of Workers' Compensation was able to return \$1 billion in rebates to its 200,000 public- and private-employer customers in 2013 and again in 2014. In addition, the bureau tripled investments in worker safety grants and set the stage to lower all rates by modernizing its payment system.
- Fully Refunding Taxpayers' Money: The Kasich Administration ended a decades-long practice whereby the Department of Taxation failed to inform business taxpayers of overpayments unless payers proactively asked for a refund. Unclaimed refunds had been returned to the state treasury. Now, business taxpayers are notified of overpayments, which are then either applied to other tax liabilities or returned.
- Supporting Small Business's Workforce Needs: The Kasich Administration launched an improved website, *OhioMeansJobs.com*, providing a one-stop career center to connect employers with qualified talent. Ohio employers can post job openings and search more than two million resumes available at *OhioMeansJobs.com* to identify the skilled worker they need. Employers also get easy access to Ohio's employment programs to take advantage of potential incentives and tax credits. Additionally, small business owners can utilize the Business Support Center, a dedicated team committed to matching an employer's job needs with knowledgeable, skilled workers.
- 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. In 2011, Ohio faced a \$1.6 billion transportation funding gap, which challenged our ability to repair or replace crumbling infrastructure. In response, Gov. Kasich's introduced the Jobs and Transportation Plan. That program is now injecting nearly \$3 billion of state, local and federal funds into key infrastructure projects – without raising the gas tax – and allowing those projects to be completed faster. Many projects that had previously been delayed for a decade or more will now begin construction within the next few years. As a result of the governor's program, the 2014 construction season on Ohio's roadways was the largest ever, investing \$2.5 billion in over 900 construction projects statewide.
- Income Tax Credits to Encouraging Entrepreneurship and Investment: Historically, small businesses have created two out of every three new jobs, so Ohio spurred economic development by directly helping these entrepreneurs reinvest in their businesses. InvestOhio was launched by the Kasich Administration to encourage risk-taking by making investments of up to \$10 million eligible for an income tax credit worth 10 percent of the total investment.
- Reforming a Municipal Tax System to Encourage Small Business Growth: Ohio established a uniform tax base and filing schedule to help fix a long-standing problem that had imposed unnecessary costs and burdens on business taxpayers as they had to comply with hundreds of different tax systems and thousands of forms, rates and regulations.

**BOTTOM LINE:** Ohio has made it a priority to create an economic climate for small businesses to succeed and create jobs.

