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The Buckeye Refund

Here's a story you don't hear every day: Ohio returns taxpayer money.

State tax collectors will pursue individuals suspected of underpaying their taxes to all ends of the earth (and to the grave as well), but they are rarely so conscientious about refunding those who pay more than they owe. Which is what makes Ohio Governor John Kasich's decision to begin issuing refunds to such businesses so noteworthy.

Last year Ohio's Tax Commissioner Joe Testa reviewed the state's 20 or so tax computer systems to identify and fix inefficiencies. In the process he discovered unexplained credit balances and that 3,500 businesses had overpaid \$13.7 million in commercial activity taxes, which are imposed on gross receipts over \$150,000.

Rather than hoard the cash, as was the state's wont, the Governor has instructed the Department of Taxation to refund the hard-earned money extending to the four-year statute of limitations and to audit returns for 184,000 other businesses that may have overpaid their taxes. This no doubt comes as welcome news to the thousands of small businesses that will see their taxes rise this year thanks to President Obama.

Speaking of which: President Obama owes his re-election in no small part to the economic recoveries in Republican-governed states like Ohio, where unemployment has dropped to 6.8% from 9% when Mr. Kasich entered office in January 2011. Job growth nationally has been more tepid, with unemployment falling to 7.8% from 9.1% in the same period.

Credit goes in part to the state's pro-growth fiscal policies. In his first year Mr. Kasich erased an \$8 billion deficit without raising taxes and streamlined regulations, both of which have improved confidence and certainty for businesses. The state expects to finish the fiscal year with a budget surplus, which will give lawmakers running room to accomplish the tax reforms that the Governor has been urging.

In other state news, Illinois—aka the government of, by and for unions—has \$8 billion in unpaid bills. Good luck to businesses there that are owed a refund.

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