

June 7, 2011

Editorial: The Buckeye Budget Lesson

Ohio cuts spending and taxes—and still balances the books.

The reform-minded GOP Governors across the upper Midwest have sustained a lot of political damage lately, but at least they're delivering on their campaign promises and will be judged on the results. The latest is Ohio's John Kasich, who signed an ambitious budget late last week that will help the Buckeye State's economy and finances.

Mr. Kasich took office this year facing the largest deficit in Ohio history, close to \$7.7 billion. His predecessor, Democrat Ted Strickland, had avoided any serious reform in advance of the 2010 election, despite a shrinking economy and tax base, and had concealed fiscal holes with federal stimulus dollars that have now run out. To close the gap with revenue alone, the Ohio tax department estimated that income rates for the average family would need to rise 56%.

Mr. Kasich's budget is bringing Ohio's finances into balance by cutting spending while also cutting taxes, which ought to be a lesson for Washington. The \$55.8 billion two-year budget pares from nearly every state program and agency, and it privatizes some of them, including some prisons and maybe even the Ohio Turnpike, if the legislature approves. It restores a scheduled cut in the top income tax rate to 5.9% from 6.2%—part of a larger across-the-board cut over five years that Mr. Strickland deferred. And it eliminates Ohio's estate tax and cuts property taxes by \$1.7 billion.

Editorial continued here:

http://online.wsj.com/article/SB10001424052702304450604576417811037911684.html?mod=WSJ_Opinion_AboveLEFTTop

###