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## **CPAs: Kasich is right on the money (editorial)**

<http://www.cantonrep.com/opinion/editorials/x1062471511/CPAs-Kasich-is-right-on-the-money>

**The issue:** Severance tax hike on oil, gas

**Our view:** Study shows minimal impact; benefits of income tax cut would be huge

Can Republicans in the Ohio House come up with another reason for opposing Gov. John Kasich's plan to raise the severance tax on oil and natural gas? Not that they should — the tax hike is a perfectly reasonable proposition that will benefit Ohioans in a big way. Thankfully, the drawback some GOP legislators are citing doesn't pass the calculator test.

Kasich wants to raise to 4 percent the tax on much of the oil and gas extracted by horizontal fracturing. Some of his fellow Republicans say this will put a damper on drilling in the state. One House member said soon after Kasich unveiled his plan that she didn't want to "cripple a fledgling industry when there's so much potential there."

No crippling on my watch, Kasich has said, because even with the increase, Ohio taxes would remain among the lowest levied by states where drillers do business.

This week, the accounting firm of Ernst & Young backed him up.

The new tax still would put Ohio 16 percent below average among major oil- and gas-producing states and 80 percent below the average for all taxes on drillers, the firm's study found.

The state currently charges 3 cents per 1,000 cubic feet of natural gas and 20 cents a barrel for oil. "Two dimes," Kasich has said incredulously.

Given the richness of the Utica shale formation in Ohio, including in Stark and Carroll counties, drillers have plenty of incentive to stay here.

And Kasich has plenty of incentive to push for the severance tax increase, which GOP legislators say they may study by the end of the year. It's part of a great plan, which he pitched this way to state legislators (who promptly removed it from his midbudget review bill): "Every cent — 100 percent — of new tax revenue from the high-volume horizontal wells like those used in Ohio's Utica and Marcellus shale formations will be used to reduce income taxes the following year. Each of Ohio's nine tax brackets will be reduced to ensure that taxpayers of every income level receive a tax cut."

What's not to like? Anyone?

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