



Testimony to Ohio House Ways & Means Committee March 22, 2017

My name is Gavin DeVore Leonard. I am the State Director of One Ohio Now, a coalition of 103 partner organizations – health and human service organizations, labor unions, and other advocacy groups – whose members total over 1 million Ohioans. One Ohio Now advocates on state budget and tax policy issues with a focus on ensuring a fair and adequate revenue system to meet Ohio’s needs.

I am here today to share our coalition’s positions on the tax provisions of the proposed budget, as well as to comment on some of the underlying assumptions of the Governor’s proposal. I’ll share why we believe it is clear that a new conversation about how to grow our economy needs to take place, given the reality we are facing in Ohio. A sober look at our state shows significant fiscal and quality of life issues for all of us to grapple with.

To begin, I’ll share our perspective on the main components of HB49. We share the widely expressed concerns with the large tax shift from income to sales and other taxes. We are concerned about shifting to an even more regressive revenue system in Ohio, though we do appreciate the nod to mitigation through changes to personal exemptions and the low-income credit. We are open to the concept of sales tax base expansion when it is not used to fund an income tax increase. Though there are reasons to be concerned about sales tax leading to increased regressivity, we believe that this effect could be neutralized through credits or other mechanisms. The proposal suggests removal of some tax expenditures. We are supportive of limiting tax expenditures and generally believe in the review and elimination of any costly loopholes that could be better invested for all Ohioans. We support the modernization of our tax code through severance tax increases. Lastly, we are concerned about the regressivity of cigarette and tobacco tax increases, while recognizing the public health impacts that may result, and would direct any additional income to other sources instead of income tax reductions.

Our tax policy in Ohio directly impacts our ability to invest in solving problems and creating solutions now and into the future. So, while the large shift – and the proposals that make it up – is likely to be rejected here in the House, we are heartened to hear of broad agreement in terms of key investment priorities like the opiate epidemic. We believe that the opiate epidemic in Ohio requires dedicated resources for things like addiction services, children’s services, drug courts and other law enforcement needs, as well as to ensure pathways back to productivity through well-paying jobs and affordable housing. Without adequate revenue streams, we cannot invest to solve problems like the opiate epidemic.



Beyond what we hope will be a short-term problem with opiates in Ohio, there are long-term challenges that point to the need for a high-functioning revenue system. The Governor titled his plan “Building on the Next Generation,” yet the budget does not meaningfully address at least two of the building blocks of a strong economy and a strong future: education and infrastructure. While K-12 funding cuts to roughly ½ of the state’s districts have received the most attention (and we are concerned about those cuts), we are not talking about what resources our elementary and high schools need to be able to succeed in the 21st century. We are not talking about the investments in pre-k [that have great return on investment](#) potential and allow us to keep up with states like Florida and Oklahoma that have made it universally accessible. And we are not talking about investments in higher education that will address high tuition and other costs that have left us as at 45th in affordability based on a recent University of Pennsylvania study. [With the clear tie between educational attainment and wage growth](#), we have to make this a priority. In addition to education, our infrastructure needs are substantial and growing, and [also provide serious opportunity for return on investment](#). From repairing and replacing structurally deficient roads and bridges to getting broadband internet access to every corner of the state, infrastructure provides the backbone of the economy for businesses and individuals alike. [Upon release of its infrastructure report with Ernst & Young in 2011, the Urban Land Institute’s Maureen McAvey said in the Wall Street Journal](#), “We’re going to absolutely see winners and losers. States and cities that invest in infrastructure will move ahead, while those that are unwilling or unable to will fall behind. A reliable and functioning infrastructure is critical to economic competitiveness.”

We have to rebuild our revenue system with these needs in consideration.

Ohio is not alone in facing these challenges, and we’re not alone in attempting solutions. [Our neighbor Indiana’s governor and legislature are considering a gas tax increase](#). They are one of [over a dozen states](#) looking to raise revenue for infrastructure needs. But the biggest change happening on revenue issues in the country is in Kansas. Major income and business tax cuts, similar to Ohio’s, have been the hallmark of Kansas under current Governor Brownback. Unfortunately, these massive changes have not brought the anticipated growth and the state finds itself in a precarious financial position, with major budget gaps to close. In the past several weeks, both the House and Senate passed income tax rate increases and voted to do away with the business tax cuts that have taken fire from both the left and the right (and similar to the changes we’ve made here in the past few years). [Governor Brownback vetoed the proposed fixes, followed by the Kansas House of Representatives’ override and then the Senate came 3 votes shy](#). The spotlight is on the state as [Moody’s raised concerns about further credit downgrades](#) and their Supreme Court ruled that hundreds of millions of dollars must be put into the school system. This should be a cautionary tale that we take seriously in Ohio.



So how do we grow an economy, especially when our budget is flat? While it would be great if there was a silver bullet solution, the research points to the fundamentals: investing in education and infrastructure – in addition to providing a high quality of life through other services – so that everyone has a shot at success. A high-quality workforce and strong infrastructure are nearly always at the top of business’ needs for success. These are the basics that we need if we want our economy to grow. And economic growth, particularly when it means median income growth, can have serious impact on nearly every major metric of success in the state, from health to poverty and education to inequality.

Our coalition was formed to talk about the big picture. We started in 2010, when everyone knew that the stimulus money was running out and revenue changes that began in 2005 were taking their toll on tax receipts. At the time, our hope was to see a balanced approach to balancing the budget that included both tax increases and budget cuts to fix the budget. Now, 12 years after our most significant tax changes in a generation, it looks like our state will need to change direction. While we are open to discussing any credible, data-driven strategy that can lead to economic growth and prosperity for all Ohioans, we hope that now is the time to have a new conversation about creating the future our children and grandchildren deserve.

Thank you for your time, I'd be happy to answer any questions.

COALITION PARTNERS: Action Ohio Coalition for Battered Women • AFSCME Council 8 • AIR Inc. • All Aboard Ohio • America Votes Ohio • ASIA, Inc. • Center for Working Class Studies • Children's Defense Fund - Ohio • Cleveland Jobs with Justice • Cleveland Tenants Organization • Clintonville-Beechwood Community Resource Center • Clintonville for Change • Church for All People • Coalition on Homelessness & Housing in Ohio • Columbus Metropolitan Area Church Council • Common Cause • Communications Workers of America • Columbus Jobs with Justice • Community Partners for Affordable Accessible Healthcare • Community Action Partnership of Greater Dayton • Corp. for Ohio Appalachian Development • DemocraticVoices • Ecumenical Communities for a Compassionate Ohio • Educational Service Center of Lake Erie West • Empowering and Strengthening Ohio's People • The Empowerment Center • Environmental Health Watch • Equality Ohio • Findlay Hope House for the Homeless • Faith in Public Life • Forging Responsible Youth • Georgetown Federation of Teachers • Greater Cincinnati Homeless Coalition • Greater Hilltop Area Shalom Zone • Havar, Inc. • Hispanic Alliance, Inc. • The Hunger Network of Ohio • Innovation Ohio • IUE-CWA • Legal Aid of Southwest Ohio • LiveCLEVELAND! • Lutheran Metropolitan Ministry • Mahoning Valle Organizing Collaborative • National Assoc. of Social Workers-Ohio • Neighborhood Solutions • Northeast Ohio Alliance for Hope (NOAH) • Northeast Ohio American Friends Service Committee • Northeast Ohio Coalition for the Homeless • Northern Ohioans for Budget and Legislation Equality • Ohio AFL-CIO • Ohio Alliance for Retired Americans • Ohio Assoc. of Community Action Agencies • Ohio Assoc. of Free Clinics • Ohio Assoc. of Professional Fire Fighters • Ohio Assoc. of School Business Officials • Ohio Community Development Corporation • Ohio Civil Service Employees Association • Ohio Coalition for Equity & Adequacy of School Funding • Ohio Communities United • Ohio Conference of the American Association of University Professors • Ohio Conference of the NAACP • Ohio Conference on Fair Trade • Ohio Congress of Parents and Teachers • Ohio Domestic Violence Network • Ohio Education Association • Ohio Farmers Union • Ohio Federation of Teachers • Ohio NOW • Ohio Organizing Collaborative • Ohio Partners for Affordable Energy • Ohio Poverty Law Center • Ohio Public Transit Association • Ohio Retired Teachers Association • Ohio School Boards Association • Ohio Student Association • Ohio Voice • Ohio Voter Fund • Ohio Votes • Ohio Youth Voices • Organize! Ohio • Over-the-Rhine Community Housing • People's Empowerment Coalition • Planned Parenthood Affiliates of Ohio • Policy Matters Ohio • ProgressOhio • Putting People First Coalition • Rahab's Hideaway • Results Cincinnati • Results Columbus • SEIU District 1199 • SEIU Local 1 • Tapestry • Toledo Jobs with Justice • UHCAN Ohio • UFCW 1059 • UFCW 75 • We are the Uninsured • We Believe Ohio • Working America • Wright State University AAUP • Youth Empowerment Program