

Chairwoman Roegner, Vice Chair Blessing, and Ranking Minority Member Williams, my name is Nick Bates, and I am the policy director with One Ohio Now. We are a statewide non-profit coalition of more than 100 organizations representing health and human service providers, teachers, workers, faith organizations, and community groups. We believe that great public services strengthen our communities and we need the revenues to pay for them.

I am here today to testify in opposition to SJR 3.

Too often political debates center on whether we should have higher taxes or lower taxes. But I believe this is the wrong question to ask. Instead we should focus on whether or not our state has adequate revenue, collected in a fair manner, so that we can invest to solve problems. Ohio is 38th in hunger, 41st in infant mortality, and 37th for poverty[[1]](#endnote-1). We have improved on some metrics over the years, and fallen behind on others. The goal of our tax policy should be to generate enough revenue to invest in these areas, and others, to solve our most pressing needs. With 132 legislators and numerous interest groups, we are going to have disagreements on how to invest our shared resources, but I think we all can agree that we need to invest to maintain our roads and infrastructure, fund education, and invest in the common good. And hopefully state parks, because my kids just love Ohio’s state parks.

The tax code should follow a few basic principles: It should be **simple** to administer, **neutral** and not pick winners and losers, **equitable** and treat similarly situated taxpayers equally, and most importantly **adequate** by generating enough revenue to invest in our communities.

SJR 3 will make our tax system more complicated and less capable of generating the adequate revenues needed to invest in Ohio communities by putting limits on how future legislatures can generate the revenues needed.

Simply put, we shouldn’t lock up one of the tools we have to solve problems in our state.

As LSC notes, bond rating agencies don’t look favorably on states that have revenue super-majority requirements. These agencies agree that it is not a good idea to lock up one of our tools and the state may be penalized with higher borrowing costs.

There are many scenario’s where legislators of all political ideologies may consider adjusting Ohio’s income tax as part of a revenue solution. For example, in 2009, Ohio’s legislature voted in a bi-partisan compromise to delay an income tax cut that was passed in 2005 because of the recession. Otherwise hundreds of millions, if not billions, of dollars of additional budget cuts would have occurred that year.

Another potential unintended consequence is around our tax expenditures. Ohio has over $2 billion worth of income tax related tax expenditures. We are concerned that it will require super majority requirements to amend or improve the targeting of these expenditures if it would result in an income tax increase of anyone. If nothing else, amending tax expenditures could result in costly litigation.

If revenue is needed in the future – because the economy continues to evolve or another ‘great’ or even mild recession –there may be a revenue conversation for a balanced approach to budgeting. We should make sure the Governor, the House, and the Senate have all the tools available to do the job. We saw that it was extremely difficult to raise Ohio’s motor fuel tax last year, because every revenue conversation will be deliberate and difficult to move through these chambers and to the Governor’s desk.

SJR 3 locks up one of our tools. At the end of the day, we want to solve problems, and Ohio’s budget and revenue policy are essential in doing so.

Allow me conclude on a personal note. Infant mortality is just one issue that strikes close to my heart, because my daughter, who turns five on Monday, spent her first three weeks in the NICU at Children’s to treat potential brain damage from loss of oxygen just prior to an emergency C-section. She was placed into medically induced hypothermia for three days to allow her brain to heal. We are an extremely lucky family. Not only did our daughter survive, but she is now thriving. This is only one example, on one issue of many throughout the state. I have friends and colleagues who have not been as lucky.

Please oppose SJR 3 so that we can have the resources needed to solve Ohio’s most pressing needs.

Thank you and I would be happy to answer any questions.

1. State by state data according to the US Census, USDA and CDC. [↑](#endnote-ref-1)