

The Taft “Budget”

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Taxes: Taft’s two-year, \$51.4 billion state budget proposal would cut individual income taxes across the board while reducing the state sales tax to 5.5 percent from 6 percent.

It would enact a new commercial-activity tax on business but phase out some business taxes, including taxes on equipment and machinery as well as the corporate franchise tax. There would also be increased taxes on cigarettes and tobacco products, electricity, alcoholic beverages and the transfer of property.



QUOTE: "Certain companies and business groups support the tax cuts but don't like the commercial-activity tax." Central Ohio companies supporting the Taft tax changes include American Electric Power, Columbia Gas of Ohio, Honda, Limited Brands, Longaberger Co. Central Ohio companies opposing it include Anheuser-Busch, Kroger Co., Meijer, the Ohio Chamber of Commerce, and the Ohio Automobile Dealers Assoc.

(Columbus Dispatch, April 3, 2005)

Spending changes:

Medicaid spending would increase by 3.6 percent but an estimated 800,000 adult recipients would lose vision and dental care while 25,000 would be dropped from the rolls altogether. No cuts proposed, however, in programs for children or pregnant women.

Schools would get a 2.5 percent increase over two years but funding for pre-school training would be reduced. College and university funding would increase only slightly, and tuition caps would be imposed.

Local Government Fund subsidies would be reduced by 20 percent for cities and counties; 10 percent for villages and townships; 5 percent for libraries.

Prisons would get about 2 percent more each year, but staff would be reduced by 200 to 300 through attrition.

QUOTE: "This has been building for the last three or four years: one cut, then another little cut, then another. It's gotten to the point where it's impacting the quality of life and everything else we have, our whole futures." (Garfield Heights Mayor Thomas J. Longo, as quoted in the Dispatch, March 16, 2005.)

QUOTE: "The state could save \$550 million for local government services such as schools, police and fire while increasing the (income) tax cut to 28 percent for those making less than \$100,000 a year, (Democratic House Leader) Chris Redfern said, if those in higher income brackets got just a 5 percent to 7 percent tax break." (Cincinnati Enquirer, March 22, 2005)

Groups backing the Taft plan include the Ohio Business Roundtable, Ohio Farm Bureau Federation, Ohio Manufacturers Association, Ohio State Bar Association and Ohio State Medical Association.

Groups opposing it include the Ohio Federation of Teachers, Ohio Municipal League, Ohio Trucking Association, the Columbus Board of Education and more than 100 local communities and 200 school districts.

QUOTE: "Tom Mooney, head of the Ohio Federation of Teachers, said Taft's plan will force communities to raise local taxes for schools, police, and other vital services while further cutting taxes for corporations that already avoid paying many taxes. "That's really what's at the root of all this – it's who's not paying," Mooney said. (Cincinnati Enquirer, March 22, 2005)

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