TRANSFORMING OHIO FOR GROWTH

RENEW. REFORM. REVIVE.

BUDGET OF THE STATE OF OHIO • FISCAL YEARS 2012–2013

KILLING THE "DEATH" TAX

Encouraging Business Investment and Keeping Families in Ohio

Ohioans should not be forced to visit the undertaker and the tax collector on the same day. The budget eliminates the Estate or "Death" Tax, providing more than $300 million in tax relief annually and helping farmers and small business owners keep cherished enterprises in the family from generation to generation.

THE DEATH TAX HAS HARMED OHIO'S BUSINESS CLIMATE: Since 1968 Ohio has discouraged business growth and investment by levying a death tax on the value of a person's estate before it is passed on to heirs. To make matters worse, Ohio has by far the lowest death tax exemption in the United States at $338,333 – the lowest threshold in the country by more than $500,000, easily impacting most small businesses and family farms. Many farmers and small business owners are asset-rich but cash-poor, making it difficult for families to pay the taxes on inherited assets without selling these assets. Not only does the death tax make it difficult to pass business onto the next generation, it also destroys jobs associated with those businesses. Beyond that, there are many hidden costs that small businesses, farmers and investors are forced to pay because of the death tax, including expensive estate planning and accounting services. Every dollar spent on these services is a dollar not being reinvested back into the company or its employees.

THE DEATH TAX HAS CONTRIBUTED TO OHIO'S FALLING POPULATION: Numerous studies[i] have tied the death tax to drops in population, and it is no secret that many successful business people have fled Ohio in order to save their families from having to pay a state death tax when that person passes away. Ohio lost more than 230,000 taxpayers due to out-migration between 1993 and 2008.

ELIMINATING OHIO'S DEATH TAX TO PROMOTE ECONOMIC GROWTH: With the passage of the budget, Ohio's standalone death tax will cease to exist on January 1, 2013. This crucial change in tax policy will encourage economic growth and protect small businesses, family farmers, retirees and their families from paying expensive taxes that drive down our population, stifle economic growth, and kill jobs.

THE OUTCOME: With the budget's elimination of the death tax, Ohio's business climate will improve and our tax base will broaden. No longer will investors or entrepreneurs fear business ventures in this state because of its punitive estate tax, and no longer will the death tax undermine job creation.

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[i] Ocean State Policy Research Institute – "Leaving Rhode Island"; Illinois Policy Institute – "Leaving Illinois"; Connecticut Department of Revenue Services – Estate tax study