

Ohio Economic Freedom Fact Sheet

Though its ranking has improved slightly from last year, Ohio remains well below average in this year’s economic freedom index, coming in 38th out of the 50 states. While the state has seen improvements in tax policy due to positive reforms in the last few years, it ranks near the bottom in terms of government spending adjusted for personal income.

The full report examines three general areas that affect economic freedom in the states: government spending, taxes, and regulation and ranks each state based on its policies in each area.

Ohio did show improvement in some areas, as it jumped from 38th to 24th in income and payroll tax revenues collected as a percent of personal income. The state is also above average in terms of government employment as a percent of personal income.

Despite relatively low marginal tax rates and a low percentage of employment coming from the public sector, Ohio was still second to last in the area of government spending. This is due largely to the huge burden of insurance and retirement payments, which, when measured as a percent of personal income is higher in Ohio than any other state in the nation.

These results demonstrate that Ohio still trails surrounding states in its overall level of economic freedom, and needs significant policy reforms to rein in unsustainable levels of government spending.

Ohio’s overall Economic Freedom ranking: **38th**

Neighboring States’ Rankings

States Freer Than Ohio

Indiana: 18th (tie)
 Pennsylvania: 18th (tie)
 Michigan: 27th (tie)

States Less Free Than Ohio

Kentucky: 40th (tie)
 West Virginia: 42nd (tie)

Ohio’s strengths and weaknesses

Strengths

- 13th – Government employment as a percent of total employment
- 11th – Top marginal income tax rate and top income tax rate threshold
- 24th – Income and payroll tax revenues as a percent of personal income (up from 38th last year)

Weaknesses

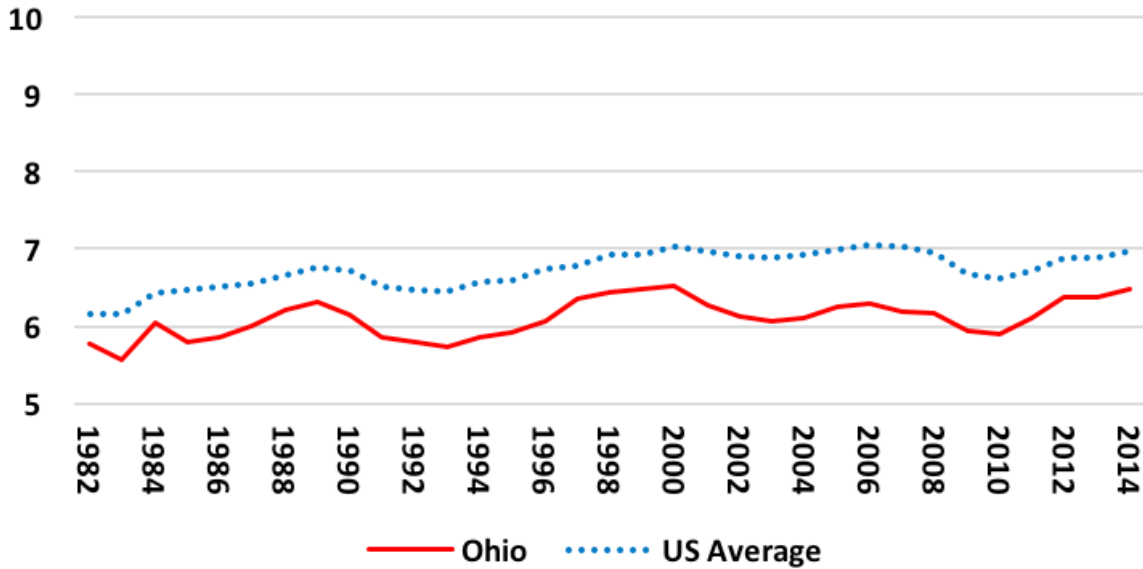
50th – Insurance and retirement payments as a percent of personal income
Reform needed: These functions should be freely bought and sold in the private sector, not by the government.

40th – Transfers and subsidies as a percent of personal income
Reform needed: Government should give private charities the primary role in providing social services and stop providing tax breaks and subsidies to favored businesses.

49th – Government spending as a whole

Ohio Economic Freedom Fact Sheet

Ohio's Economic Freedom, 1982-2014



Most Free

- 1st: New Hampshire
- 2nd: Florida
- 3rd: South Dakota

Least Free

- 48th: Alaska, New Mexico, Hawaii (tie)
- 49th: California
- 50th: New York

About the rankings

A significant body of research finds that economic freedom is positively correlated with desirable outcomes such as high per-capita income, economic growth, and greater life expectancy. This is the 12th edition of the Fraser Institute’s annual Economic Freedom report, which compares 10 variables in 92 state and provincial governments in Canada, Mexico, and the United States. The Fraser Institute’s report, which provides the most comprehensive overview available of economic freedom in North America, can be downloaded at no cost at www.freetheworld.com. The Buckeye Institute provided additional analysis of the data to highlight economic freedom in Ohio. Both think tanks research and advocate free-market economic policies.