



THE BUCKEYE INSTITUTE

Tax Loopholes Ohio Should Close

Source: **Tax Expenditure Report Fiscal Years 2018-2019**

More Than \$1,800,000,000 in Savings that Should be Used to Reduce Ohio's Tax Rate

Exemptions Based on Specified Use of Property or Service

Tax Expenditure	Estimated Savings for Tax Reform	Explanation for Elimination
Motion Picture Tax Credit (Ohio Revised Code 122.85, 5726.55, 5747.66, 5751.54; originally enacted 2009, revised 2012, 2016)	\$42,200,000	Motion picture tax credits are a form of corporate welfare that frequently do not pay for themselves long-term.
Small Business Investment Credit	\$17,000,000	The goal has merit, but lower rates and a broader base is the key to systemic tax reform to ensure everyone can benefit.
Copyrighted Motion Picture and Films (Ohio Revised Code 5739.01(B)(8); originally enacted 1945)	\$14,800,000	Given that rentals for private home use are not exempt from taxation, there appears to be a double-standard when it pertains to rentals for exhibition purposes.
\$800 Tax Cap on Qualified Fractionally-Owned Aircraft	\$31,500,000	While recognizing the mobility of those in the market for fractionally-owned aircraft, it is questionable why there is such a low cap for sales tax on an item geared to those of higher affluence.
Sales of Materials and Services for Maintenance and Repair of Aircraft (Ohio Revised Code 5739.02(B)(49); originally enacted 2008)	\$30,900,000	This is a relatively new exemption from 2008. It appears as a narrowly-tailored carve-out with limited applicability or impact outside of a highly-specialized group.

Flight Simulators (Ohio Revised Code 5739.02(B)(50); originally enacted 2008)	\$3,200,000	This is a new exemption from 2008. It appears as a narrowly-tailored carve-out with limited applicability or impact outside of a highly-specialized group.
Agricultural Land Tile and Portable Grain Bins (Ohio Revised Code 5739.02(B)(30) and (31); originally enacted 1985)	\$2,200,000	It appears as a narrowly-tailored carve-out with limited applicability or impact outside of a highly-specialized group.
Purchases of Qualified Tangible Personal Property to Qualified Motor Racing Teams (Ohio Revised Code 5739.02(B)(38); originally enacted 1997)	Less Than \$1,000,000	It appears as a narrowly-tailored carve-out with limited applicability or impact outside of a highly-specialized group.
Sales of Tangible Personal Property and Services for Maintenance and Repair of Qualified Fractionally-Owned Aircraft (Ohio Revised Code 5739.02(B)(44); originally enacted 2003)	Less Than \$1,000,000	It appears as a narrowly-tailored carve-out with limited applicability or impact outside of a highly-specialized group.

Income Tax Deductions

Tax Expenditure	Estimated Savings for Tax Reform	Explanation for Elimination
Deduction for Long-Term Care Insurance Premiums (Ohio Revised Code 5747.01(A)(11); originally enacted 1999)	\$18,300,000	While the purchase of long-term care insurance is a worthwhile goal, using the tax code to give it preference is not good tax policy.
Ohio Business Investor Income Deduction (Ohio Revised Code 5747.01(A)(31); originally enacted 2013, revised 2014)	\$1,180,100,000	While the deduction has yielded positive economic gains, it remains a benefit available only to certain taxpayers. It is better policy to move towards elimination of the income tax in its totality.

\$50 Credit for Taxpayers Aged 65 Years or Older (Ohio Revised Code 5747.055(F); originally enacted 1972)	\$48,400,000	Given increasing lifespans, it is questionable that a credit for no other reason than age can achieve a broad public purpose outside of political considerations.
\$20 Personal Credit (Ohio Revised Code 5747.022; originally enacted 1983, revised 2013)	\$46,000,000	Income tax rates have been lowered substantially and personal exemptions are indexed to inflation. Though this is now limited to only those with less than \$30,000 in income, it is questionable how beneficial this credit will continue to be.
Credit for Taxpayers with Income Below \$10,000 (Ohio Revised Code 5747.056; originally enacted 2005, revised 2006, 2009, 2015)	\$6,000,000	With an Earned Income Tax Credit, it is questionable if this credit has utility.
Campaign Contributions Credit (Ohio Revised Code 5747.29; originally enacted 1995)	\$6,900,000	Outside of political considerations, there appears to be no other public policy impact for this exemption.
Deduction for College Savings Account Contributions (Ohio Revised Code 5747.01(A)(10) and 5747.70; originally enacted 1999)	\$28,600,000	Nearly 90 percent of the taxpayers claiming the credit have incomes greater than \$60,000. These taxpayers will take advantage of tax-free savings without a deduction.
Grape Production Credit (Ohio Revised Code 5747.28; originally enacted 1995)	Less Than \$1,000,000	It appears as a narrowly-tailored carve-out with limited applicability or impact outside of a highly-specialized group.
Ethanol Plant Investment Credit (Ohio Revised Code 901.13, 5747.75; originally enacted 2002)	Less Than \$1,000,000	It appears as a narrowly-tailored carve-out with limited applicability or impact outside of a highly-specialized group.

Commercial Activity Tax

Tax Expenditure	Estimated Savings for Tax Reform	Explanation for Elimination
<p>Job Creation Tax Credit (Ohio Revised Code 122.17, 5725.32, 5726.50, 5729.032, 5736.50, 5747.058(A), and 5751.50(A); originally enacted 1993, revised 2013)</p>	<p>\$230,300,000</p>	<p>Tax credits that favor specific businesses create an un-level playing field for all businesses. It is better to reduce overall taxes, especially income and corporate taxes so that the tax incidence falls fairly on everyone.</p>
<p>Job Retention Tax Credit (Ohio Revised Code 122.171, 5726.50, 5725.98, 5729.98, 5736.50, 5747.058(B), and 5751.50(B); originally enacted 2003, revised 2013)</p>	<p>\$133,200,000</p>	<p>Tax credits that favor specific businesses create an un-level playing field for all businesses. It is better to reduce overall taxes, especially income and corporate taxes so that the tax incidence falls fairly on everyone.</p>