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"Tax" Is NOT a Four-letter Word

This writer had the opportunity to attend the Ohio Democratic Party State Dinner on June 27, and had the discipline to stay to the end and witness Governor Strickland's closing remarks. I have had the honor to attend Ted Strickland's speeches from time to time since the 2006 election campaign, and I have never before seen Ted in such distress. The Governor's anguish at the necessity of reducing State services because of the previous administration's gutting of the State's tax revenues was not overstated when the Governor quoted Jesus of Nazareth saying "Let this cup pass from my lips."

The process of finding revenue to pay for delivery of State services has three participants - the Governor, the Ohio House of Representatives, and the Ohio Senate. The President Pro Tem of the Ohio Senate, Tom Niehaus, Republican of New Richmond, has been unrepentantly vocal in proclaiming that there will be no tax legislation passing through the Ohio Senate to fund the operation of the State. Goaded by the sensationalist media and bedazzled by the hired manipulators of the super-rich, a vocal minority of the general public tries to seize publicity any time an increase in government revenues is suggested. The Governor, and some Democratic legislators, have been wary of drawing the attention of such individuals, while those individuals watch like vultures for any suggestion of State elected officials taking steps to raise revenue to pay for State services that non-rich Ohioans depend upon.

The Governor and the legislators are going to have to take the chance that the people of Ohio recognize that the services the State provides have to be paid for.

In 2008 about 362 million gallons of gasoline a day were delivered to the pump in the United States, of which about 12 million gallons a day were delivered in Ohio. If Ohio increased its gasoline tax by a quarter a gallon, it would generate an additional 3 million dollars a day, over a billion dollars a year, almost 2.2 billion dollars over the budget biennium. The Ohio General Assembly should remove the restriction dedicating gasoline tax revenues to road repair, and tap this source of a billion dollars a year for general fund expenditures, like not laying off schoolteachers and librarians. Who does NOT pay the gasoline tax? People who take the bus, retired folks who don't travel much, farmers who drive exempt agricultural-use vehicles, eco-enthusiasts who drive electric cars. Who DOES pay the gasoline tax? Folks who drive big cars and SUV's, that may have been bought with income they didn't pay taxes on. More than likely nobody notices when the price of gasoline changes by a quarter a gallon from one day to the next, so after an artificially-created anti-tax uproar, nobody will care about 25 cents.

The State sales tax in general should be a primary source of revenue.

Inattentive "progressives" sometimes deride a sales tax as "regressive", and a flat sales tax is in fact regressive, falling disproportionately on those who have to spend all their cash flow to purchase goods and thereby pay sales tax on all of their cash flow. But Ohio does not have a flat sales tax. Ohio exempts from sales tax all the things that low-income folks spend their money on. There's no tax on rent, there's no tax on groceries, there's no tax on medical care. The only taxable purchases a low-income family makes are soap and clothes. The sales tax falls on folks who buy televisions and cars and computers, not on those who take the bus to the library.

More specifically, the sales tax falls on those who have incomes that are not reported for income tax purposes. Drug dealers and others who make their living from criminal activity likely do not file an Ohio income tax return for that portion of their income. The only place the State gets any tax revenue from criminals is when they spend their ill-got gains on fancy clothes and fancy cars.

So add another half-percentage-point to the general sales tax, and add a quarter a gallon to the gasoline tax, and do NOT unemploy the safety forces and teachers and librarians who hold Ohio's communities together while we wait for the financial industry to turn loose some capital investment money to small businesses so's there can be some private-sector jobs again. Let the drug dealers pay a share of Ohio's taxes when they fill the tanks of their luxury SUV's.

- Christopher J. Mallin, Old Country Lawyer
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