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23rd House District
House Bill 3 Sponsor Testimony
House Ways and Means Committee
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Mr. Chairman, Ranking Member Letson, and members of the House Ways and Means Committee, thank you for the opportunity to speak with you today about House Bill 3, the repeal of Ohio's estate tax.

For over four decades, Ohio's estate tax has taken direct aim at its middle class, most notably its homeowners, farmers, and small business owners. It has been a driving force for moving wealth and investments out of the state and a major contributor to the unfriendly business climate that has plagued Ohio's entrepreneurial class for far too long. This, in turn, has slowed our economic growth and kept many good-paying jobs from staying in the state or from being created in the first place.

At \$338,333, Ohio's estate tax exemption is the lowest in the country. Qualifying estates are then taxed at 6-7%, among the highest rates in the nation. Only 16 other states impose such a tax with the average exemption just over \$2 million¹. This is an incredibly complicated tax. The Department of Taxation has 35 different forms related to the estate tax. Often the descendants of the deceased are required to hire an attorney, a CPA and an appraiser to settle the estate. And we are asking them to do all of this during the time that should be a time for them to deal with this loss and their family. Just last week, the Ocean State Policy Research Institute released a study that called Ohio's estate tax the, "most punitive," in the country².

This is a tax that many Ohioans, having spent their entire lives working hard and saving for the future, simply are not prepared to pay. Even the late Senator Howard Metzenbaum, enthusiastic defender of the progressive tax system, having retired from the Senate where he represented this great state for twenty years, chose to move to Florida, where his money would be free from income, municipal, and most importantly, estate tax. And what has this excessive taxation given us? Around \$300 million in revenue a year. Surely a hefty sum to the average person, but a mere one-third of one percent of the total state and local revenues in Ohio.

¹ Source: About.com. Analysis by Citizens United to End Ohio's Estate Tax.

² "Leaving Rhode Island," Ocean State Policy Research Institute 1/20/2011

Ohio can no longer afford imposing such heavy burdens on the job creators of our state. In study after study, Ohio continues to receive a failing grade. The 2010 ALEC-Laffer State Competitive Index ranks Ohio 49th and a recent Tax Foundation study ranks Ohio's tax climate as the fifth worst in the nation, besting only New York, California, New Jersey and Connecticut³. We are losing family businesses and entrepreneurs – good people and good jobs and other states are taking advantage.

We are currently exploring options to phase in repeal, allowing municipalities and other local governments the time necessary to adjust their budgets and plan for the future accordingly. I urge the committee to further explore these options and act on proposals that would best benefit the people of Ohio.

It's a new day in Ohio and it is time to move our state forward towards a brighter tomorrow. The estate tax is damaging our economy; hurting the people we need most in order to stay competitive – our farmers, our small businesses and our homeowners. I believe a repeal of this penalizing tax is an important step in turning Ohio around and I urge the committee to support its repeal.

Mr. Chairman, Ranking Member Letson and members of the committee, I would like to thank you for your time and consideration and I would be happy to answer any questions.

³ “2011 State Business Tax Climate Index, Eighth Edition,” The Tax Foundation, October 2010