

## **Governor Kasich Unveils Proposed State Budget**

Last week Governor Kasich held a press conference to unveil his proposed state budget that will fund state government from July 1, 2015 through June 30, 2017. A first hearing was held in the House Finance Committee where the Office of Budget & Management and the Legislative Service Commission provided an overview of the budget proposal. The actual budget legislative language has not been introduced in bill form yet. While the proposed budget does expand the sales tax to some new services, funeral services are **not** included in the expansion.

Highlights of Governor Kasich's proposal include:

- Total budget (state & federal funds) of \$68.5 billion in Fiscal Year 2016 (a 2% increase over estimated FY 2015 spending) and \$70.2 billion in Fiscal Year 2017 (a 2.5% increase over FY 2016).
- Tax cuts of \$5.696 billion and tax increases of \$5.173 billion for a net tax cut of \$523 million.
  - **Tax cuts**
    - \$696 million due to elimination of income taxes for small businesses with annual gross of \$2 million or less.
    - \$4.628 billion due to a 23% cut in personal income taxes
    - \$372 million due to a nearly doubling of the personal income tax exemption for those with incomes of \$80,000 or less.
  - **Tax increases**
    - \$991 million in new cigarette and other tobacco taxes
    - \$1.553 billion due to a .50% increase in the state sales tax
    - \$928 million due to an expansion of the state sales tax to apply to the following services:
      - Lobbying, Market Research/Opinion Polling, Public Relations, Management Consulting, Debt Collection, Cable Subscriptions, Parking and Travel.
    - Increases in the following taxes/reduction in credits:
      - Commercial Activity Tax - \$691 million
      - Oil & Gas Severance Tax - \$325 million
      - Reduction in Used-Car & Watercraft Trade-in Discount - \$216 million
      - Reduction in Sales Tax discount to Vendors – \$62 million
      - Means testing Income tax credits
        - Social Security deduction - \$264 million
        - Retirement income - \$46 million

- Senior credit - \$8 million
- Eliminate Deduction for Early Beer/Wine Payment - \$3 million
- .5% increase on Base Expanders - \$86 million

### **Alkaline Hydrolysis Legislation Introduced**

Last week State Representative Wes Retherford (R-Hamilton) introduced H.B. 36 to authorize the State Board of Embalmers and Funeral Directors to license and regulate alkaline hydrolysis facilities. The bill has been referred to the House Government Accountability & Oversight Committee. [Click here](#) to review the legislation.

Representative Retherford is employed by Webb Noonan & Kidd Funeral Home in Hamilton.