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Statement on Ernst & Young Analysis of Severance Tax Provisions in Governor Kasich's 2014 Mid-Biennium Budget Review

By Richard A. Stoff, President and CEO, Ohio Business Roundtable

The Ohio Business Roundtable is pleased to release an independent analysis click here conducted by Ernst & Young of the severance tax provisions of Governor Kasich's 2014 mid-biennium budget review. Ernst & Young's report is an update to a similar analysis the firm conducted two years ago for the Roundtable and, therefore, reflects the changes the Governor made from his original severance tax proposals to the General Assembly in 2012. In brief, Ernst & Young, both in this report and in the report we released two years ago, analyzed and evaluated Governor Kasich's proposals against the key states with which Ohio competes for capital investment, including Michigan, Pennsylvania and West Virginia, as well as the nation's four other leading shale-rich states of Arkansas, North Dakota, Oklahoma and Texas. Ernst & Young concludes that even after the proposed severance tax would be adopted, Ohio's effective tax rate would still rank lowest among these competitor states, and by a wide margin. Moreover, given our effective tax rate will remain the lowest among the nation's key producing states, there is no reason to believe that it will prevent or slow development of the oil and gas industry in Ohio. Indeed Ernst & Young's analysis confirms our belief that Governor Kasich's severance tax proposals constitute strong and responsible tax policy that recognizes the bounty of our natural resources and will keep our state growing. We hope this continued fact-based analysis commissioned by the Roundtable will be useful to lawmakers in their deliberations and, accordingly, we urge the General Assembly's adoption of the severance tax provisions of the Governor's 2014 mid-biennium budget review.

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