

VI. Ohio's Tax Burden Compared to the Nation

Suggestion that the state should raise taxes has been met with charges that Ohio's economy will become less competitive. There are repeated accusations that Ohio is a high tax state. But in fact, whether measured on a per capita basis or as a percentage of personal income, Ohio's **state** tax levels are below average. In 2008, Ohio ranked 35th in per capita revenue (\$2,296), and 31st in state revenue as a percentage of personal income (6.7 percent).³² Ohio is a highly urbanized state, and local governments have significant taxing authority. When local revenues are included, Ohio's level of **state and local tax** collection in FY 2006-2007 moved to 11th as a percentage of personal income (11.9 percent), and 25th on a per capita basis (\$4,012).³³

An alternative measure of the relative size of state spending in relation to the economy is to calculate state GRF spending as a share of state GDP. This ratio was about 4.6 in 2007, and has fluctuated between 4.4 percent and 4.9 percent since 1986.³⁴ The share came close to 5 percent in the two most recent recessions. Over the past several decades, Ohio's economic performance has varied considerably, reinforcing the conclusion that there is no relationship to indicate that increased state spending hampers economic performance. This conclusion is reinforced by research that has looked at this issue across the 50 states.³⁵

