



July 2009

Dear Friend,

July 1 was beginning of the fiscal year for the state of Ohio and usually the beginning of the two year budget. In these extraordinarily difficult economic times, we in the Legislature were facing an unprecedented budget deficit of over \$3 billion. I was appointed to the Budget Reconciliation Conference Committee charged with the responsibility of negotiating a compromise between the plans of each house. Initially, we passed 3 interim one week budgets as negotiations were ongoing. Finally on July 13, I am pleased to note that we – the House, the Senate, and the Governor – Democrats and Republicans – were able to come together in a bi-partisan fashion to create a responsible balanced budget. This is a budget that does not raise taxes, reduces spending and resizes government, protects vital services, and prioritizes education and job creation to help move Ohio's economy forward.



Some of the critical points in this budget are as follows:

Education: For the first time since the DeRolph case, the State of Ohio is reforming its educational funding formula as part of a broad education reform package. This plan puts the student at the center of the funding formula, modernizes the classroom for the 21st century and strengthens financial accountability and teacher quality.

Higher Education: We have maintained our commitment to keeping higher education affordable. This budget will cap tuition increases to no more than 3.5% for the next two school years. And The Ohio State University recently announced that they would continue the tuition freeze for the next academic year. This would be three straight years that The Ohio State University has frozen its tuition.

Job Creation and Economic Development: We have held the line on taxes. At a time when businesses are laying off, Ohioans are losing their jobs, and incomes are declining, raising taxes now could very well have the effect of making this already difficult recession even worse.

We have introduced many targeted tax credits that will create jobs. We have created the new markets tax credit and the film tax credit and we have expanded the technology investment tax credit and the job creation/retention tax credits.

In the spirit of entrepreneurial capitalism, this budget makes changes to help start up technology companies access much needed capital during the early stages of development through refinancing the Ohio Venture Capital Authority. This budget also makes changes to encourage our state university system to be more active in economic development by putting in place mechanisms that will increase new start ups and entrepreneurial activity in the state.

Also, this budget increases funding for the Agricultural Extension Cooperative services and for the Ohio Agricultural Research and Development Center.

There are also many other provisions in the budget that help move Ohio forward – increasing accessibility and affordability to health insurance, increasing funding for food banks, maintaining our commitment to federally qualified health centers, expanding efforts to combat the home foreclosure crisis, ensuring that Ohio’s libraries are still one of the top if not the top state supported libraries in the entire country.



Mansfield Makes Sense

I was privileged to join Governor Strickland and the Mansfield Makes Sense Committee at the rally in Ontario on July 4. The Mansfield Makes Sense Committee was formed to send the message to General Motors that our Metal Center is the lowest cost, most productive plant in the GM family and that it should be part of the “new” GM. It is well known that the workers are the model for the Teamwork initiative within GM and

they have the most Competitive Operating Agreement within GM.

The Mansfield Makes Sense committee is taking a multi-focused approach to getting this message to GM. It has rallied elected leaders from all levels of government to contact GM, it has assisted in getting a legal challenge filed to slow the bankruptcy process and it has solicited support from across the region through its website.

I would like to encourage you to visit the website to register your support for this critical economic effort. The web address is www.mansfieldmakessense.org.

Recovery Law Assists Small Business and Small Business Investors

If you operate or have invested in a small business, the IRS is encouraging you to take advantage of the tax-saving opportunities found in the American Recovery and Reinvestment Act enacted in February.

This new law created, extended or expanded a variety of business tax deductions and credits. Many of these benefits are only available this year; eligible businesses only have a few months to take action and save on their taxes.

Some of the key provisions include:

- Faster Write-Offs for Certain Capital Expenditures
- Expanded Net Operating Loss Carryback
- Exclusion of Gain on the Sale of Certain Small Business Stock
- Estimated Tax Requirement Modified
- COBRA Credit

For specifics on these changes go to www.irs.gov frequently asked questions section or ask your tax professional. Other ARRA business provisions relate to discharges of certain business indebtedness, the holding period for S corporation built-in gains and acceleration of certain business credits for corporations. Also see Fact Sheet FS-2009-11.

Sincerely,



Jay Goyal
Ohio House of Representatives

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