
Tax Commissions and Reform

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Ohio

- 1993-1995
 - Ohio concerned about slow growth, manufacturing fall-off, investment
 - Largely a private-sector “blue ribbon” commission appointed:
 - Banc One, BP, Board of Realtors, Family Services, Federation of State, County and Municipal Employees

- “Score card” and commission ranking

	Ranking	Weighting
Elasticity	4.4	6.6
Stability	4.5	6.4
Vertical Equity	4.6	6.3
Horizontal Equity	2.3	8.6
Economic Dev.	1.5	9.5
Simplification	4.7	6.3
Spatial Distribution	5.4	6.4
Obsolescence	5.9	5.3

- Commission hired GSU
 - Series of staff papers on taxes, economy
 - Presentations around the state by Commission and some staff
 - Several long sessions with Commission and staff
 - Staff drafted final report with specific recommendations formulated based on score card and analysis; Commission recommended final list of changes

- Examples: eliminate net worth tax, eliminate tangible personal property tax, extend sales tax to services, voter choice on food in base or 1 percent increase in rate
- Reforms would be phased in over approximately 5 years

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- Key executive officials were not on-board
 - Reform proposals were not moved forward
 - Lessons:
 - Strong commission, very engaged, willing to put lots of time into the study, great data
 - State leadership needs to want the output and be on-board with score card
 - Important to get a diverse group on commission

State Reforms

- C. Bourdeaux study (2010) reviews:
Arizona (2003), California (2009), Florida (2002),
Florida (2008), Hawaii (2003), Hawaii (2007), Minnesota
(2009), New Mexico (2003), New York (in progress),
North Carolina (2003), North Dakota (2001), Ohio (2005),
Oklahoma (2001), Oregon (2009), South Carolina (in
progress), Tennessee (2004), Utah (2007), Washington
(2002), Wyoming (2000)



Summary of Findings

- The tax reform commissions rarely include elected officials and thus are heavily influenced by public finance professionals.
- Tax reform proposals have similar policy themes which likely reflect a general consensus in the public finance community.
- Most comprehensive tax reform proposals are not able to withstand the political process.
- Common Policy Themes:
 - Create A Balanced State Tax System
 - Employ a Small Tax Rate Over a Broad Base
 - Modernize for the 21st Century Economy
 - Consider Vertical Equity
 - Promote Economic Competitiveness

Resources

- NCSL State Tax Study Commissions, <http://www.ncsl.org/issues-research/budget/state-tax-study-commissions.aspx>
- *A Review of State Revenue Actions, 1999-2010* (Robert Buschman). FRC Report 217 (November 2010)
- *A Review of State Tax Reform Efforts* (Carolyn Bourdeaux). FRC Report 216 (November 2010)
- R. Bahl (1996), *Taxation and Economic Development: A Blueprint for Reform in Ohio* (Columbus: Batelle Press).

