

Duvall & Associates, Inc.

Taking Care of Business

OHIO REPEALS ESTATE TAX

"The river flows, it flows to the sea. Wherever that river goes, that's where I want to be." The Byrds

In today's modern fluid economy, money flows to the land of lower taxes...lower payroll...lower regulation. Citizens can berate money-people for their singular focus on...money...but the reality of this navigation of capital cannot be denied.

For years, Ohio docked idly in port while money and jobs drifted to other lands. Ohio found itself in overall recession - awash in debt and unemployed. Recently, four of the nation's "most declining" cities were attributed to Ohio.

Ohio first reacted by restructuring its tax base. The goofy personal property tax - a bullet aimed squarely at manufacturing - was repealed in favor of a more widely dispersed CAT tax. And individual income tax rates were lowered.

But more reform was needed, so the Governor rammed a repeal of estate taxes through the legislature - effective January 1, 2013. The repeal was very welcome and much needed - but it greatly overshot the mark.

Florida is well-known for having no estate tax, but such is not really the case. Florida indeed has an estate tax - but the tax is directly tied into the Federal credit - so effectively its residents pay no additional estate tax as a result of living in Florida.

Ohio could have similarly structured its estate tax after the Florida model while retaining some tax revenues (totaling \$333 million in 2009) - and still be able to advertise its estate tax-free domicile.

It's clear the Governor charted a course for a "clean" repeal and once again the cards of politics trumped simple logic.

Personally, I'll stick with Solitaire.

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