



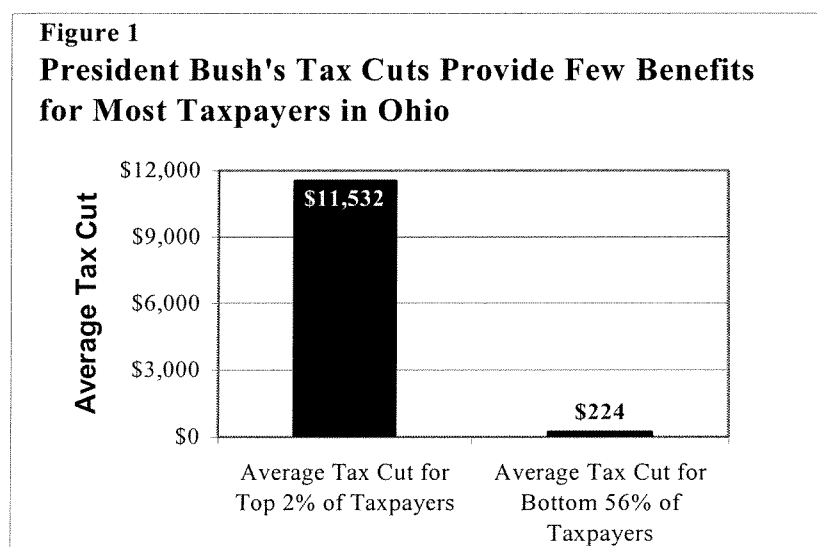
## ANALYTICAL SUMMARY

# The Impact of the President's Tax Proposals in Ohio

This analysis describes the impact of the President's \$725 billion tax cut proposal on taxpayers in Ohio. It is a summary of two congressional staff reports.<sup>1</sup>

**The elimination of taxes on dividends would provide minimal benefits to taxpayers in Ohio.** The centerpiece of the President's proposal is the elimination of taxes on income from corporate dividends. This proposal, however, would provide little relief to most taxpayers in Ohio. Almost 90% of the taxpayers in Ohio have incomes of less than \$100,000 per year. These taxpayers would receive an average tax savings of only \$54 from the dividend tax cut. In fact, an estimated three of every four taxpayers would receive no benefit at all from the dividend proposal.<sup>2</sup>

**The tax cut package is heavily skewed towards wealthy taxpayers.** In Ohio, only 2% of taxpayers have incomes above \$200,000. Under the President's plan, this top 2% of taxpayers would receive an average tax cut of \$11,500, receiving in the aggregate 23% of the total tax savings realized in Ohio. In contrast, 56% of taxpayers in the state have incomes below \$50,000. These taxpayers would receive an average tax cut of only \$224, receiving in the aggregate just 12% of the total tax savings realized in Ohio.<sup>3</sup> Figure 1.



**Corporate executives are some of the biggest beneficiaries of the President’s proposal.**

Nationally, top executives of Fortune 100 companies would receive huge dividend tax savings under the President’s plan. The top three shareholding executives at Fortune 100 companies would receive an estimated tax savings of nearly \$120 million annually from the dividend tax cut.<sup>4</sup> Two Fortune 100 companies that are headquartered in Ohio – Procter & Gamble and Cardinal Health – pay dividends to their shareholders. Six top shareholders among executives and directors at these two companies receive a total of \$2.1 million a year in dividends. Under the President’s proposal to eliminate taxes on dividends, they would receive an estimated annual tax cut of \$825,000, an average of \$138,000 per year. Table 1.

**Table 1**  
**Six Executives of Fortune 100 Companies in Ohio Who Would Receive Large Dividend Tax Savings**

Name	Company	Estimated Annual Dividends from Company Stock	Estimated Annual Dividend Tax Savings
John E. Pepper (Chairman of Executive Committee)	Procter & Gamble	\$1,208,178	\$466,357
Bruce L. Byrnes (Vice Chairman)	Procter & Gamble	\$275,875	\$106,488
A.G. Lafley (Chairman, President, CEO)	Procter & Gamble	\$221,833	\$85,628
Jorge P. Montoya (Pres. of Global Snacks & Beverages)	Procter & Gamble	\$117,208	\$45,242
Robert D. Walter (Chairman, CEO)	Cardinal Health	\$223,927	\$86,436
William E. Bindley (Director)	Cardinal Health	\$91,571	\$35,346

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<sup>1</sup> House Committee on Government Reform, Minority Staff, *Tax Cuts Proposed by President Bush Would Provide Few Benefits for Taxpayers in Ohio* (Apr. 2003); House Committee on Government Reform, Minority Staff, *The Dividend Tax Cut: Fortune 100 Corporate Executives Would Reap Huge Financial Benefits* (Apr. 2003).

<sup>2</sup> *Tax Cuts Proposed by President Bush Would Provide Few Benefits for Taxpayers in Ohio*, *supra* note 1, at 3.

<sup>3</sup> *Id.* at 4-5.

<sup>4</sup> *The Dividend Tax Cut: Fortune 100 Corporate Executives Would Reap Huge Financial Benefits*, *supra* note 1, at 5.