



## **COMMERCIAL ACTIVITIES TAX IS A BIG SUCCESS FOR OHIO'S STEEL INDUSTRY**

### **Steelmakers Commend Legislators for Their Foresight**

Ohio steelmakers say the new Commercial Activities Tax (CAT) is making an immediate difference in Ohio's business climate, and they remain upbeat about its long-term potential for encouraging growth.

Nine months after the first set of collections, the tax appears to be succeeding in more fairly distributing the tax burden among Ohio businesses and in creating the right conditions for capital investment, job growth and job creation.

"We spoke with one voice to our legislators and Gov. Bob Taft, and they listened and then devised a fair and equitable tax structure that has realized tremendous benefits to the state," said Pat Tatom, president and chief executive officer of WCI Steel, Inc., in Warren, and the incoming Ohio Steel Council co-chair.

"The tax reform package passed by the legislature in 2005 was a milestone accomplishment, and we extend our congratulations to all those involved, from Gov. Bob Taft to the legislature," Tatom said.

According to the Ohio Office of Budget and Management, CAT revenues have exceeded projections by 27 percent, an outcome that will automatically trigger a review next year by lawmakers and the governor's tax commissioner. If the trend continues, a reduction in the tax may be in order.

In the first three quarters of collection, CAT generated \$273.4 million – about \$59 million more than projections.

In 2005, the Ohio General Assembly passed legislation that over five years would phase in CAT and phase out two onerous taxes, the Tangible Personal Property Tax and the Corporate Franchise Tax.

The personal property tax unfairly burdened capital-intensive industries, such as those in steel and manufacturing.

The lifting of these taxes has acted as a stimulus to business growth and encouraged companies to make capital investments in their facilities.

In the six quarters since CAT was passed, Ohio's steel companies have invested more than a half billion dollars (\$582.5 million) in capital improvements.