

Ohio Gov. Mike DeWine's budget plan simultaneously relies on, seeks to undermine Ohioans' vices

By Jeremy Pelzer
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During his nearly 50 years in politics, Gov. Mike DeWine has been an unceasing critic of vices like smoking and drug use, as well as a consistently vocal proponent of helping children, law enforcement, and state infrastructure.

Now, in his final budget as governor, DeWine is going all out to do both at the same time.

The Republican [governor's budget proposal](#), unveiled early last week, would significantly raise state taxes on cigarettes, recreational marijuana, and sports-gambling companies. The millions raised from those tax hikes, under DeWine's plan, would be spent on a child tax credit, funding for things like police training and local jails, and sports stadium projects, respectively.

“(DeWine’s) not crazy about people smoking, gaming, vaping or using marijuana,” said Tom Sutton, a veteran political scientist and acting president of Baldwin Wallace University in Berea. “So, if you want to do that, he can’t stop it, but he can certainly try to make more state money from it.”

But questions are already being raised about the potential dangers that might come from relying on sin taxes to fund spending initiatives, especially given that DeWine is hoping that the proposed tax increases on tobacco and marijuana will discourage Ohioans from spending money on them -- thus undermining them as a long-term source of state revenue.

“What it seems like from the governor’s budget is that we’re relying increasingly on people’s vices to fund our government,” said state Rep. Dani Isaacsohn, a Cincinnati Democrat, during a legislative budget hearing on Tuesday. “It seems like we’re creating these perverse incentives where the only way we can fund our schools is if people smoke, drink, and gamble more.”

DeWine spokesman Dan Tierney, though, said the governor’s budget factors in how the proposed tax increases could affect demand and, in turn, how much money the state collects in taxes.

“You’ve heard the governor say, ‘We live in the world as we find it,’ Tierney said. “We do not live in a world where adjusting these tax rates will eliminate the behavior that Representative Isaacsohn is concerned about.”

What is DeWine proposing?

DeWine's budget plan would create a state income tax credit of \$1,000 per child for parents of kids age 6 and younger, [with certain income eligibility limits](#).

To make up for the nearly \$1 billion the state expects to lose in tax revenue from such a move, the governor would nearly double the state's cigarette tax, from \$1.60 per pack now to \$3.10 per pack. The state tax on vaping products would also rise by the same proportion.

The governor's budget also would set aside about \$288 million over the next two years for youth sports and to help fund sports stadium projects -- like the Cleveland Browns' proposed domed stadium in suburban Brook Park. The Browns are seeking \$600 million in state aid to pay for the \$2.4 billion stadium.

That \$288 million is how much state economists expect will come in the next two years from doubling Ohio's tax on sports-betting companies' revenue (not on Ohioans who make the bets), from 20% to 40%.

DeWine's budget plan would also pay for things like police training, improvements to local jails, and moving driver's education programs from the private sector back to high schools.

Money for those programs would come from doubling the state's tax on recreational marijuana to 20%, up from the 10% rate Ohio voters approved in 2023.

The proposed tax hikes on cigarettes, vaping, and marijuana are seen by the governor not just as good fiscal policy, Tierney said, but good public health policy as well.

"We would expect there to be some effect that somebody might choose not to buy a bag of marijuana gummies ... or somebody's not going to buy cigarettes as often or quit altogether," Tierney said. "And those would be good things in terms of public health."

The proposed sports-gambling tax hike is different, Tierney noted, because it would be paid for by companies like FanDuel and DraftKings, rather than Ohioans making bets. DeWine said last week that as sports-betting companies are "draining" massive amounts of money out of Ohio, it's "only just and fair" that they should have to return some of that money to help build and preserve the state's sports facilities and boost youth sports.

Can it pass?

DeWine has favored increased regulation and taxation on tobacco for decades, including as a congressman, U.S. senator and Ohio attorney general before he was elected governor in 2019. He argues such measures help protect people -- especially children -- from addiction, lung cancer, and other health problems.

The governor also strongly opposed the 2023 ballot issue that legalized recreational marijuana in Ohio, [arguing](#) that it would similarly put kids at risk (in this case, from accidental ingestion) and cause more auto accidents, among other things.

On sports betting, [DeWine signed legislation in 2021](#) legalizing such gambling in Ohio. But last year, he [successfully pushed lawmakers to raise the state's sports-gaming tax](#) from 10% to 20% in response to sports-betting companies launching aggressive ad campaigns and testing the limits of new state regulations.

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"You might think of it as, in his view, turning swords into plowshares, or turning sins into virtues," Sutton said.

However, Ohio lawmakers also have a history of resisting DeWine's attempts to impose new restraints on vice industries. Most recently, state legislators [voted last year to override DeWine's veto](#) of a measure prohibiting local bans on flavored tobacco products. In keeping with that, members of the Republican-dominated Ohio General Assembly last week expressed hesitation about DeWine's proposed sin tax hikes.

"I don't think anything's dead on arrival, but I do think that any time you're talking about tax increases in the Republican Party, that's going to get a skeptical eyebrow raise," said state Rep. Brian Stewart, a Pickaway County Republican and the powerful chair of the House Finance Committee, which is currently reviewing DeWine's budget plan.

Ohio House Speaker Matt Huffman, a Lima Republican, told reporters that while sin taxes have historically "always been easy things to do," he said "it's often lower income people who are paying a disproportionate share" of such taxes.

Huffman, who as speaker has enormous influence over which bills and policies pass the House, expressed concern that if state tax rates are raised too high on cigarettes, marijuana, and sports gambling, Ohioans will find alternatives – thus reducing how much the state gets in tax revenue.

The House's top Democrat, Minority Leader Allison Russo of suburban Columbus, also questioned how sustainable such tax increases would be.

"I think it speaks to the larger point of (that) we have a very unbalanced, unfair tax system here in the state of Ohio," she said.

Sutton said DeWine's proposed tax increases are in line with a more general feeling by the governor and other Ohio Republicans that sales and consumption taxes should be raised, while the state income tax should be lowered – [if not completely eliminated](#).

"The more that he can demonstrate the ability for the state to provide services using forms of consumption tax," Sutton said, "it creates the potential for less reliance on the income tax."

Can it work?

Of course, it remains to be seen exactly how DeWine's proposed tax hikes on cigarettes, marijuana, and gambling would affect the amount of money that Ohioans spend on those things.

But Sutton pointed to Cuyahoga County's cigarette tax, created in 2006 to fund local arts programs, as an example of how unreliable such taxes can be as a source of revenue.

County cigarette tax revenue, after [hitting a high of \\$19.5 million in 2008](#), dropped to \$11.7 million in 2022, thanks to a decline in both the county's overall population and in the popularity of smoking.

However, Tierney said that the governor's proposed budget factors in a projected decrease in state smoking rates from a higher cigarette tax rate.

As for recreational marijuana, Tierney said it's "sold very well" and that raising the tax rate is needed to "deal with the societal ills" that accompany more widespread marijuana use.

"So yes, you can do this -- have the added benefit of reduced use, but it's still going to generate the revenue projected," Tierney said.