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The Kasich administration is backing away from a program that has allowed companies to obtain tens of millions of dollars in tax breaks by threatening to leave the state, then agreeing to stay and retain existing workers without adding jobs.

In 2012, Ohio approved an estimated $28.6 million in the controversial Job Retention Tax Credits, down from $237.5 million in 2011. The state in 2012 also approved an estimated $59 million in Job Creation Tax Credits, which are granted only for new jobs, down from $108.7 million in 2011.

Spokespersons for Gov. John Kasich and his quasi-governmental economic development agency, JobsOhio, told the Dayton Daily News this week that the administration has pulled back sharply on its use of Job Retention Tax Credits, or JRTCs. Critics say the practice of expending tax revenue on companies that threaten to leave and don't create new jobs amounts to corporate welfare and capitulation to extortion demands.

Kasich noted the shift in tough talk during a year-end press conference.

"If you want to leave Ohio and you say, 'We're leaving if you don't give us help,' that program is off the board," he said, according to the Youngstown Vindicator. "Believe me, there are CEOs that call me. I say, 'Look, if you want to leave, I hope you have a nice trip.'

"You know what's funny? They don't leave. Then they want me to get in a bidding war with somebody in another state."

Kasich said such incentives could be allowed in “a special case.”

“It is a ridiculous and ultimately unsustainable economic development policy that Mr. Kasich had been pursuing,” Butland said. “Kasich had put himself in a position where all a company had to do was threaten to leave the state and Kasich would throw money at them.”

While past Ohio governors from both parties have used tax incentives, Butland said Kasich “took this to a whole new level.”

In Kasich’s first year in office, 2011, the state provided more than $487 million in taxpayer-subsidized tax credits, grants and low-cost loans, a 44.3 percent increase over the $337.9 million approved in 2010. Almost half were retention credits.

To qualify for the credits, companies must make capital investments such as building new headquarters, but don’t have to add jobs. The credits last between five and 15 years, with the average running six to seven years.

Some of the large 2011 retention credits went to Ohio companies that planned to use incentives to move only a few miles to new headquarters in trendier communities. Two of these credits were to go to companies — Diebold Inc. and American Greetings Corp. — that recently either cancelled or postponed their relocation plans. Jones said neither company has received tax credits.

Diebold said in late October its planned $100 million headquarters in Green, which was to consolidate a number of company facilities in the Akron-Canton area, wasn’t financially feasible for the company, which reported lower-than-expected earnings for the third quarter. In a move allowable under the job retention tax credit deal, the ATM maker in April announced it would send 200 Ohio jobs to India.

American Greetings directors in November postponed its new headquarters project because of efforts by the controlling Weiss family to take the company private. The greeting-card company was approved for tax credits to move a dozen miles from its longtime home in working-class Brooklyn to a chic lifestyle center in Westlake, west

state has improved under Kasich's leadership.

In a statement she drafted in response to Daily News questions, she said, "The best incentive package is a jobs-friendly climate and Ohio is becoming a much friendlier place for job creators." Consequently, "we have a better hand to play when it comes to keeping or attracting business, making incentives less important and allowing us to pull back on the use of incentives whenever possible."

She added that "our initial focus was on stopping the bleeding. We had some significant challenges early on with several companies on the brink of leaving our state, and Ohio couldn't afford to lose more companies like NCR."

The administration has focused on "return on investment" for Ohio taxpayers when offering incentives, Wehrkamp and Jones noted. In a notable case, Chiquita Brands announced in November 2011 it was leaving Cincinnati for North Carolina after that state offered $22 million in incentives. Ohio officials offered incentives in the $5 million to $7 million range, saying Ohio couldn't match North Carolina's offer and give taxpayers a return in a reasonable amount of time. Officials said Chiquita officials had made up their minds to move, anyway.

Jones said the cost per job under the Job Creation Tax Credit program was $6,431 in 2011, but that amount was down 35 percent in 2012 to $4,760. An Innovation Ohio study found that tax credits in 2011 cost taxpayers $6,112, up from an average of $4,721 in the previous three years under then-Gov. Ted Strickland.

Companies often fail to deliver all the jobs they promise. A December report by the Ohio attorney general's office found that more than 40 percent of businesses approved for Job Creation Tax Credits failed to deliver at least 90 percent of the promised jobs. These credits aren't paid until the jobs are created, and the state has clawback provisions to get back other incentive money already paid to

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