



March 27, 2017

The Honorable Jonathan Dever  
Chairman, Financial Institutions, Housing and Urban Development Committee  
Ohio House of Representatives  
77 South High Street, 13th Floor  
Columbus, OH 43215

Dear Chairman Dever and Members of the Committee:

I am writing to express Target's support of House Bill 104, related to sales tax deductions on bad debt purchases for private label cards. The legislation expands the bad debt deduction to include transactions made with private label credit cards, such as Target's RedCard.

Target, like many other retailers, uses a third-party firm to help manage our private label credit card. This structure allows Target to focus on generating sales and the lender to focus on managing debt. The proposed law acknowledges this common structure and allows a retailer to take a bad debt deduction for sales tax that the lender writes off as uncollectible. Other states have adopted similar language regarding bad debt deductions for private label credit cards.

Current Ohio law forces retailers that provide private label credit cards to remit sales tax that was never collected from the customers. This is because the law only allows a deduction for bad debt on uncollectible transactions if the retailer making the sale also writes off the bad debt for income tax purposes. However, under the private label credit card structure, Target is unable to take this deduction because the lender writes off the bad debt for income tax purposes. Likewise, the lender is also unable to claim the deduction because Target collects and remits the sales tax.

Target is proud of our presence in Ohio and our support for the local economy and communities where we are located. Our commitment to the state includes 62 stores, a regional distribution center, and a food distribution center. We employ nearly 8,500 team members with a payroll of \$175 million and remit over \$113 million in sales tax to the state annually. In 2016, we donated nearly \$8 million to local communities and our team members contributed thousands of volunteer hours.

Target respectfully requests your support of House Bill 104 to allow private label card providers to deduct sales tax collected on bad debt sales, in order to provide parity among all retailers. Thank you for the consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Thad Hellman".

Thad Hellman  
Director, Government Affairs  
Target