

Good evening! My name is Walt Tracy. My wife, Angela, and I are the owners of AtWork Cincy, a Blue Ash-based staffing agency that is part of AtWork Personnel Services, a national staffing firm with over 90 US offices. We are a full service staffing agency that primarily places hourly industrial, administrative, and clerical positions for temporary and temp-to-hire business needs. Our purpose tonight is to share some of our journey as a new business in Ohio.

After professional careers in Information Technology leadership in my case and Accounting and Operations Management in Angela's, we were interested in exploring business ownership when my last assignment ended in Colorado Springs. Working through a franchise broker, we settled on staffing because we enjoy both helping businesses solve their most critical problems and connecting people with the dignity that comes through meaningful work. With regard to location, we were interested in re-locating nearer our family in the Midwest and finding a territory that was new and open for our Franchisor. Our son and his wife moved to the Cincinnati area 6 years ago, and we had enjoyed several visits with them, and Cincinnati is both new to our franchisor and experiencing growth and development that is attractive for staffing. We moved to Cincinnati (Blue Ash) about 4 months ago and, after locating our office and completing our franchise training, opened the Blue Ash office 2 months ago.

Business ownership was new to us and staffing adds additional complexity because all of the people we place are on our payroll, although they may be working at any number of client locations. Our franchisor provides our payroll service, but since we are their first Ohio franchise, we worked closely with them to get our payroll setup properly. The process of filing as a corporation in Ohio was straightforward and the Ohio Business Gateway was helpful in directing us to register for state level entities:

- State Tax Authority for commercial activity tax and state withholding
- As a staffing service, we are apparently subject to sales tax although we are a B2B supplier
- Jobs & Family Services for unemployment
- Bureau of Workers Comp

Although the gateway was helpful in checking with each of these entities, they each have their own registrations, filing requirements and deadlines. By the way, we have been impressed by the helpful service we received whenever calling these authorities for help.

We thought we were largely done until we were readying to process our initial payrolls and uncovered the municipal requirements. We realized we were supposed to file with Blue Ash for both corporate taxes and withholding – a manual process that is not supported under the gateway. Then, in speaking with Blue Ash discovered that the municipal withholding is actually based on where the employee works rather than our office location (again, our employees may work at a variety of client locations). She admitted it is confusing and suggested we read the Ohio Revised Code to understand it better. Next, we stumbled across school district taxes that are tied to the employees' residence. Finally, we discovered that our unemployment registration had not included new hire reporting, which is yet another entity that we had to register with. Again, each of these entities have their own registrations, filing requirements, and deadlines.

Fortunately, payroll is part of the service our franchisor provides under our agreement, so we have not incurred any additional service expense, although we have talked to other business owners who pay extra for payroll service in Ohio. The impact to us has been more the amount of time we spent and continue to spend ensuring we are setup properly and complying with filings and deadlines, as well as

additional accounting fees for consultation and filings. Our primary concerns are 1) given all of the cumulative taxes across multiple entities, has our pricing fully accounted for them 2) are we staying in compliance with the myriad filings and deadlines.

We were curious if this tax authority structure was normal and asked our franchisor, who again supports 90 offices around the country. They indicated we are in the top 3 in terms of complexity but are withholding final judgement until going through a full year with us!

This said, we are excited to be in Cincinnati and are taking advantage of the healthy entrepreneurship climate here and enticements such as the Grow Ohio Workers Comp incentives. Pursuing initiatives that will simplify registration and filing with various governmental authorities will only help improve the business climate and allow us to spend more time growing our business.

While I only have one location now and only pay net business profit tax to one municipality If I were to expand to other locations, it would add another layer to our taxes.

I think the Governor's proposal in making a very complicated filing system more efficient is a step in the right direction. If this proposal is accepted by the General Assembly, perhaps we can build on the progress we've made and do even more work in streamlining municipal taxes here in the state.

As newly minted Ohioans, it is wonderful to be in this beautiful building, the Ohio Statehouse. Thank you for the opportunity to speak with you this evening.