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Sponsor Testimony: House Bill 173
House Ways and Means Committee
May 9, 2017

Chairman Schaffer, Vice-Chair Scherer, Ranking Member Rogers and members of the House Ways and Means Committee, thank you for the opportunity to offer sponsor testimony on House Bill 173, which would allow employers that apply for a Job Creation Tax Credit (JCTC) to include “work-from-home” employees for the purposes of qualifying for and complying with the terms of the JCTC agreement. Simply put, it treats work-from-home employees the same as traditional employees when applying for this tax credit.

The Job Creation Tax Credit provides a refundable tax credit based on an agreed upon percentage of the increase in payroll created as a result of new business investment in Ohio. In order to qualify for a JCTC, a taxpayer’s proposed project must meet the following criteria:

1. The project will increase payroll
2. The project is economically sound and will benefit the people of this state by increasing opportunities for employment and strengthening the economy of this state
3. Receiving the tax credit is a major factor in the taxpayer’s decision to go forward with the project

Current law does allow employers to receive a JCTC based on “work-from-home” employees, but special conditions and reporting requirements apply. This legislation would ensure work-from-home employees are treated the same as employees who work at the project location as long as the employees reside in Ohio and are supervised from the project location. It’s important to note that all other requirements of the Job Creation Tax Credit still apply.

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Incenting taxpayers to create jobs for Ohio work-from-home employees will significantly benefit Ohio, its political subdivisions, Ohio businesses and Ohio residents while expanding the Ohio tax base. The legislation would also improve Ohio's competitiveness with surrounding states by recognizing the impact of work-from-home employees in this changing economy. By removing geographical boundaries employers are enabled to recruit more broadly which enhances the talent pool, while at the same time increases employee productivity and job satisfaction.

I would like to note that Senator Dolan has introduced companion legislation to this bill, Senate Bill 131. This language is also currently included in the House passed version of the operating budget. Thank you again for the opportunity to speak on behalf of House Bill 173, I am happy to answer any questions the committee has at this time.

