



## Representative Jena Powell

Ohio's 80<sup>th</sup> House District

Good Afternoon Chairman Merrin, Vice Chair LaRe, Ranking Member Rogers, and members of the House Ways and Means Committee. Thank you for the opportunity to provide sponsor testimony this morning on House Bill 196. This legislation will align Ohio with nearly every other state by removing the sales tax burden from non-profit fitness memberships.

This issue first began in 1992, when these memberships were seemingly accidentally included in a tax code revision. This change increased the tax burden of Ohioans seeking a healthier lifestyle by taxing facilities like the YMCA and Jewish Community Centers for the first time. Ohio became one of only five states in the nation to tax non-profit fitness memberships.

At the time the mistake was discovered, many legislators on both sides of the aisle opposed this new tax. My bill would remove this tax and return Ohio non-profit fitness memberships to full tax exempt status, as they should be as 501(c)(3)s. Taxing memberships is unjust and runs contrary to the YMCAs' charitable nonprofit purpose. The state exempts other 501(c)(3)s from sales tax, and why should non-profit fitness centers be any different.

Eliminating this mistaken sales tax on non-profits will amount to a tax cut of less than \$10 million, which is a small sum for government when compared to the over \$23 million in financial assistance to participate in programs that the YMCA provides to all Ohioans.

As a non-profit, YMCAs are not like a for-profit fitness center. YMCAs also provide essential programs to Ohio's communities, including:

1. The YMCA's Diabetes Prevention Program, which saves over \$2000 per person in healthcare costs;
2. Early childhood education, before and after school care, and summer day camp. The YMCA is Ohio's and the nation's largest provider of child care, and our quality programs help children be Kindergarten ready, and prevent the "summer slide."

Every one of these programs is an investment being made by these community organizations and is an investment that will improve Ohioans lives while saving the state resources. Non-profit organizations operate for the good of the public and provide needed services to more than

750,000 individuals well beyond access to a weight room and treadmills. These organizations provide an incredible array of services and opportunities to our communities.

In Ohio, non-profit gyms play a critical role in helping keep our citizens healthy.

As a state, we do not tax non-profits due to their 501(c)(3) status. **It is a mistake that we currently tax memberships to non-profit fitness centers such as the YMCA and Jewish Community Centers.** HB 196 will solve this problem by exempting non-profit fitness centers memberships from Ohio sales tax.

Thank you for your support and consideration. I am happy to answer any questions you may have.