



TO: Members of the Senate Ways & Means Committee
FROM: Jeff McClain - Director, Tax & Economic Policy
DATE: November 29, 2017
RE: Support for Senate Bill 226

This letter is being sent to you to indicate the Ohio Chamber's support for Senate Bill 226, which would authorize a permanent sales tax exemption for sales of clothing up to \$75 and of school supplies & materials up to \$20 during the three-day weekend beginning the first Friday of August. While the philosophy behind a sales tax holiday espouses undeniable benefits, yet with some reservations or unresolved questions as to its long-term sustainability, we believe on balance there are more definite positive outcomes for Ohio's consumers, retail businesses and the state's revenues that outweigh the perceived drawbacks.

One additional fact leads to our decision to support the legislation. That is, while Ohio with the passage of this bill would become the 19th state to adopt some form of a sales tax holiday, there are no other states that have a border with Ohio that have already adopted one (although PA completely exempts clothing purchases). Consequently, at least in the short run, if not the foreseeable future, Ohio could expect to have the same competitive advantage (or lack of competition) as it experienced during the 2015, 2016 and 2017 sales tax holiday.

For this reason, the Ohio Chamber supports SB 226.