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House Ways and Means Committee
House Bill 48 Sponsor Testimony
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Chairman Merrin, Vice Chairman Riedel, Ranking Member Sobecki, and members of the House Ways and Means Committee, thank you for the opportunity to testify on House Bill 48. As many of you know, the Ohio General Assembly regularly adjusts our state tax code to conform with changes at the federal level. With the many complexities involved with the COVID-19 pandemic, including massive federal stimulus payments, small business loans, and much more, it is critical that we make these adjustments to protect the best interests of Ohio taxpayers.

Ohio's income tax structure is based upon one's federal adjusted gross income (FAGI). For this reason, adjustments in federal income tax law must be accounted for at the state level to avoid confusion for taxpayers, as they would be required to make additional adjustments to their FAGI to be compliant with Ohio tax law. Simply put, this bill expressly incorporates the changes made to the federal tax code into Ohio law, so that taxpayers can continue to calculate their taxes due based on their FAGI without additional complication. The bill also includes an emergency clause, so as to make the bill effective immediately upon passage and make these benefits available to Ohioans for the upcoming tax year.

Some notable ways House Bill 48 would affect Ohio taxpayers include the following:

- Clarifies that Paycheck Protection Program (PPP) loans, which are deductible for federal tax purposes, would not be taxable as Ohio income
- Excludes of 2nd round PPP loans from the Commercial Activity Tax (CAT)
- Extends of a temporary allowance of a deduction for charitable contributions for filers who do not itemize (up to \$300 for individuals, and \$600 for joint filers)
- Would temporarily allow 100% of business meals to be deducted (previously 50%)
- Would allow use of 2019 income levels to determine eligibility for the Earned Income Tax Credit (EITC)

We would encourage the committee to examine the analysis provided by LSC for information about additional ways in which taxpayers will be affected. We hope that this committee will act swiftly to adopt tax conformity legislation, as tax preparation season is already underway, and it is critical that we ensure simplicity and uniformity for Ohio taxpayers this year.

Thank you to Chairman Merrin and the members of the committee for the opportunity to testify today on House Bill 48. We would be happy to answer any questions you have at this time.