



February 16, 2021

The Honorable Derek Merrin
Chairman, House Ways and Means Committee
Ohio House of Representatives
Riffe Center
77 S. High Street, 13th Floor
Columbus, OH 43215

Dear Chairman Merrin:

On behalf of the members of the Ohio Chamber of Commerce, I am submitting this letter of support for Senate Bill 18. SB 18 will incorporate into Ohio Revised Code section 5701.11, several of the federal tax law changes to the Internal Revenue Code (IRC) occurring between the effective date of House Bill 197 (133rd General Assembly) and the effective date of this piece of legislation if it is enacted. This tax incorporation bill is necessary because a number of changes to the IRC were recently made in the “Consolidated Appropriations Act (CAA), 2021,” H.R. 133 of the 116th Congress, which was signed into law on December 27, 2020.

In addition, two important amendments were also added to SB 18 prior to it being favorably reported by the Senate Ways & Means Committee.

The first of these amendments clarifies the tax treatment of federal Paycheck Protection Program (PPP) loans awarded by the federal government to assist employers with short-term payroll cash flow issues caused by the coronavirus pandemic. Specifically, it ensures these loans will not be treated as gross receipts under Ohio’s commercial activity tax (CAT) and, thus, will not be taxable. This continues the same tax treatment afforded PPP monies under HB 481 (133rd General Assembly).

The second amendment deals with the tax treatment of the excess surplus of the state insurance fund received by taxpayers from the Ohio Bureau of Workers' Compensation (BWC). This amendment was necessary because the Department of Taxation had determined that no statutory exclusion to the CAT exists for the surplus received from the BWC. In order to remove any confusion, the amendment clarifies that these monies are not subject to CAT.

Finally, the Ohio Chamber of Commerce supports SB 18 because adding conformity to most federal and state tax calculations simplify tax filings which reduces tax return errors and avoids additional tax compliance costs for taxpayers. Tax simplicity benefits both the state and the taxpayer.

We urge passage of SB 18.

Sincerely,

A handwritten signature in cursive script that reads "Tony Long".

Tony Long
Director, Tax & Economic Policy
Ohio Chamber of Commerce