

TESTIMONY REGARDING SENATE BILL 18

Before the House Ways and Means Committee

March 9, 2021

Good afternoon Chairman Merrin, Vice Chairman Riedel, Ranking Member Sobecki and members of the House Ways and Means Committee. My name is Dave Froling and I am a state and local tax partner with the law firm Vorys, Sater, Seymour & Pease, LLP. The Council is grateful for the opportunity for me to address the Committee today to offer support for Senate Bill 18 on behalf of their more than 7,000 members.

The Council appreciates the Committee's interest in adopting the 2020 Internal Revenue Code for purposes of the 2020 Ohio personal income tax. This annual exercise is important because it simplifies Ohio personal income tax compliance for all Ohio taxpayers, and, in doing so, reduces the time and expense associated with preparing the Ohio personal income tax return.

The Council welcomes the provision in the bill that would exempt from the commercial activity tax "second draw" paycheck protection program loan amounts forgiven under the 2021 Consolidated Appropriations Act. The Senate's addition of exempting from commercial activity tax the dividend payments that Ohio employers received from the Bureau of Workers' Compensation is also appreciated by Council members. These two exemptions are important as they allow Ohio taxpayers to maximize the benefit of these respective federal and state initiatives.

The Council is also grateful for the Committee's consideration of House Bill 124 to reduce the Ohio pass-through entity withholding tax rate from 5.0% to 3.0%. Back in 2015, the Council was the first trade association to bring this inequity to the General Assembly's attention and highlight the significant problems with this tax. Since then, the Council has testified

numerous times before the House and Senate in an attempt to remedy these problems with the recommendation of common-sense solutions. The Council highlighted these solutions most recently in connection with the testimony that I provided on February 11, 2020 for H.B. 467. While the Council is pleased to see the tax rate reduced to 3.0%, more work needs to be done. The Council remains hopeful that the General Assembly will continue to address the remaining problems later this year.

This concludes my testimony. I thank you again for the opportunity to offer support for both Senate Bill 18 and House Bill 124. I would be happy to answer any questions you may have.