

Proponent Testimony  
Prepared for Substitute House Bill 157  
The Ohio House Ways & Means Committee  
April 20, 2021

Chair Merrin, Vice Chair Riedel, Ranking Member Sobecki, and Members of the Ohio House Ways & Means Committee, thank you for this opportunity to offer testimony on behalf of The Ohio Society of CPAs (OSCPA) and our 27,000 members. My name is Tom Zaino.

In previous testimony by OSPCA on March 16, 2021, Greg Saul and I testified on H.B. 157 as an interested party and we discussed the proper application of Section 29 of H.B. 197, as well as suggested a number of ways the bill needed to be improved upon. OSCPAs supported the following changes:

1. **Employer Withholding Tax**: Retain the withholding protections of Section 29 through at least the end of the year, if not the end of 2022—giving businesses time to set up new systems to track employees and comply with the municipal income tax withholding requirements post pandemic.
2. **Employee Wage Tax**: Clarify that the purpose of Section 29 was to expand the protections of the 20-Day Occasional Entrant withholding rule for the benefit of employers and municipalities amid the pandemic, but Sec. 29 was not intended to require employees to pay tax to municipalities in which the employees did not actually work.
3. **Net Profit Tax**: Explicitly provide that the payroll factor, used to calculate how much net profit is subject to each city's tax (i.e., "apportionment"), remains at the principal place of work city in accordance with R.C. 718.02(A)(2) and 718.011.

OSCPA has reviewed the substitute bill and applauds the Committee for the bill's new provisions, which include an extension of Section 29's withholding protection for employers through the end of 2021, as well as clarifies that Section 29 was not intended to apply to the taxability of the employee's wages. The substitute bill also provides that the net profit tax payroll factor should be determined under R.C. 718.02(A)(2) through the end of 2021.

While employers and municipalities would have benefitted from a longer application of Section 29's withholding protections, we also understand the desire of many others to immediately repeal Section 29, as originally proposed. The substitute version of H.B. 157 provides a reasonable compromise to everyone's interests and OSCPAs supports this compromise.

On behalf of the OSCPAs, thank you Chair Merrin for allowing me the opportunity to provide this testimony. I would be happy to answer any questions.