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April 20, 2021

Representative Derek Merrin
Chair, Ohio House Ways & Means Committee
77 South High Street, 13th Floor
Columbus, OH 43215

Dear Chairman Merrin:

I am writing on behalf of the 21,000 governing members of the Ohio NFIB to lend support for the recently accepted substitute version of House Bill 157. This legislation will provide certainty concerning municipal income tax withholding and net profits obligations for our employer members.

By way of background, a typical NFIB member in Ohio employs 20 or fewer and does less than \$2 million in annual receipts. Our members come from all industry types and each of the 88 counties. Our members range in size from sole proprietors to large operations employing hundreds. Tax compliance remains a top member concern.

Section 29 of House Bill 197 from the 133rd Ohio General Assembly enacted a temporary change to the municipal income tax withholding rule by stipulating "any day on which an employee performs personal services at a location, including the employee's home, to which the employee is required to report for employment duties because of the declaration be deemed to be a day performing personal services at the employee's principal place of work." We supported Section 29 of House Bill 197 to prevent a disruption for many employers who allowed flexibility of their employees to work from other locations during the onset of the COVID-19 pandemic.

Substitute House Bill 157 (HB 157) sunsets the temporary withholding requirement at the end of calendar year 2021 and amends Section 29 of House Bill 197 by requiring the work arrangement be a result of the COVID-19 pandemic as opposed to the executive order. The bill also clarifies that the rule is for purposes of determining an employer's withholding obligations and where an employer's net profits are situated. These portions of HB 157 are welcome and appreciated. They provide employers with a reasonable time in which to adjust their withholding requirements, avoid a change of rules in the middle of a tax year, and provide clarity on net profits obligations. We also support the prohibition on municipalities assessing taxes, penalties, or interest against an employer who has and continues to withhold per Section 29 of both House Bill 197 and House Bill 157.

NFIB supports these aforementioned provisions of House Bill 157 and recommends this committee move expeditiously to provide clarity, direction, and certainty for small business owners in Ohio.

Please feel free to contact me with any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "Chris J. Ferruso".

Christopher J. Ferruso
Ohio Legislative Director