



# OHIO AUTOMOBILE DEALERS ASSOCIATION

January 17, 2022

The Honorable Derek Merrin, Chairman  
Ohio House Ways & Means Committee  
Statehouse  
Columbus, OH 43215

**RE: Written Testimony in Support of House Bill 234**

Dear Chairman Merrin:

On behalf of our association's over 800 franchised dealers, we are writing to ask for support of House Bill 234, which as introduced would repeal the commercial activity tax over a five-year period.

We want to emphasize that our support for this legislation is not an effort to avoid 'paying our fair share'. On the contrary, should this bill pass our dealers would continue to pay significant real estate, sales, payroll and income taxes.

Instead, as key job creators and revenue generators in this state, dealers see the passage of House Bill 234 as providing them with more resources to reinvest in their businesses, employees and communities. For example, in light of the oncoming blitz of electric vehicles, dealers are making substantial investments to retrofit their facilities, install charging stations, purchase specialized tools and provide EV-related training to employees.

From an economic footprint perspective our dealers employ over 50,000 people in Ohio, collect well over \$1B in taxes on behalf of the state and local governments, pay a significant amount of business-related taxes, and are very active in various charitable and civic causes in their communities. Quite frankly, dealers view themselves as state and local teammates – the more people dealers employ and the more vehicles they sell and service, the more economic activity will be generated. House Bill 234 provides dealers and other businesses additional resources to expand their economic footprint.



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From a fairness perspective, as high volume/low margin businesses, the impact of the CAT is disproportionate on dealers. And it should be noted that the CAT not only applies to dealer retail sales but also to wholesale transactions (dealer-to-dealer, auction, etc.), where volume is still high but margins are generally even smaller. And as a reminder, under the CAT pyramiding effect, these vehicles are then also subject to CAT when they are sold downstream by the purchasing dealer.

We think it is important to note that in terms of making Ohio appealing to start a business, JobsOhio has employed a marketing campaign highlighting the fact that the state has no corporate franchise tax. We believe the passage of HB 234 will make Ohio even more attractive to businesses deciding where to locate, especially those with high volume sales who are interested in maximizing resources on investment and employment.

In closing, we appreciate the efforts of the sponsors to bring this bill up for debate. We urge your support of the bill.

Sincerely,

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