



Chair Merrin, Vice-Chair Ridel and Ranking member Sobecki,

My name is Nick Bates, and I serve as the policy director for One Ohio Now, a broad-based coalition of labor, social service providers, faith-based organizations, researchers, and community organizations that believe great public services strengthen our communities, and we need the revenues to pay for those services. Thank you for the opportunity to testify today in opposition to HB 234 the repeal of the Commercial Activity Tax (CAT).

This summer, I am coordinating a neighborhood camping trip to Grand Lake St. Mary's State Park in Northwest Ohio. Last year, our group went to Hocking Hills State Park, and the year before to Mohican State Park. We love our state parks. We will drive on publicly funded roads to get to our destination. We are hopeful that the recent investments to mitigate algae blooms will be successful to keep the lake healthy and beautiful. We will go in late July, when our kids are not attending their publicly funded schools and after most of the publicly supported park and rec. leagues have wrapped up for the summer season.

None of these things are liberal or conservative, left or right. They are family. What is more Ohio than a big neighborhood trip to a state park to camp with lots of corn hole to be played? And I want to thank our state legislature for investing in roads, bridges, clean water, our state parks, our schools, our local communities, and much more so that we can create affordable, yet beautiful family memories that we will cherish for decades to come.

And this is why I oppose the repeal of the CAT because it will undercut the state investments that make Ohio a great place to raise a family.

Originally, the CAT was estimated that, by 2010, it would generate \$1.3 -1.5 billion – However, it only reached \$1.3 billion in [FY 2017 and generated just shy of \\$1.7 billion in FY 2021.](#)

While \$1.7 billion may not sound like a lot to some Ohioans, it represents more than [6.0% of state generated revenue in FY 2021](#) and it is needed to make sure that Ohio can thrive by investing in the foundations of a strong economy and healthy communities.

According to the National Conference of State Legislatures, [the best state and local tax systems require reliability, stability, and certainty, as well as a balance of revenue sources.](#) Eliminating the CAT will weaken the diversity of revenue in the state and make our tax system less stable. From the housing crash in 2008 to the pandemic in 2020, we have seen a lot of unpredictable

forces that can disrupt Ohio's economy. Diverse revenue sources allow our state to be better equipped to ride through the rough patches without devastating public investments.

I caution this body from taking a short, 1–2-year approach to Ohio's fiscal and financial stability. Eliminating \$1.7 billion in state funds is irresponsible. While state revenues are strong right now, and you might think that cutting \$1.7 billion from the state budget won't make a big difference – it will. Expenses will go up in the next state budget. Labor, office supplies, and the gasoline and diesel needed for state troopers and snow plows will cost more in upcoming budgets. Very quickly we will see how the trends on inflation that have increased state revenues in FY 2022 will dissipate as state expenses catch up. When we add in the trends related to [baby boomer retirements](#) and [work-from-home](#) trends, the economic future has uncertainty. This body should not add to the uncertainty ahead by eliminating revenue that is needed to fund our schools, our parks, and our valuable water resources.

In closing, camping offers a lot of great life lessons. There will be a lot of work to do to maintain a camp such as cooking meals, cleaning dishes, gathering water, fire building, and of course game coordination. But when we all do a little bit of work – including my 7-year-old - we are all able to enjoy our time even more. 15 minutes of work from everyone means we all get to have more fun throughout the day. My kids are more than willing to do their fair share to make our camp run well. It is the same for our tax policy and our state. When we all do our part, when successful businesses do their part, the state is stronger, our communities are stronger, our families are stronger.

Thank you, and I would be happy to answer any questions.