



**BEFORE THE SENATE FINANCE COMMITTEE
SENATOR MATT DOLAN, CHAIRMAN
TESTIMONY
OF
ROB BRUNDRETT
THE OHIO MANUFACTURERS' ASSOCIATION**

JUNE 3, 2021

Mr. Chairman and members of the Senate Finance Committee. My name is Rob Brundrett, and I am the managing director of public policy services for The Ohio Manufacturers' Association (OMA). I am pleased to provide testimony on two important manufacturing issues contained in House Bill 110.

The OMA was created in 1910 to advocate for Ohio's manufacturers; today, it has nearly 1,300 members. Its mission is to protect and grow Ohio manufacturing.

Prior to 1993, Ohio did not tax employment services. However, because of a state budget shortfall, the General Assembly at that time made the decision to tax staffing employment. Ever since, Ohio's businesses have been at a disadvantage compared to the 49 other states. Ohio is one of only a handful of states that tax staffing services and Ohio is at an even greater disadvantage because Ohio subjects the fee for the staffing service *and* the temporary employees' compensation to the tax.

Our organization has long worked to repeal this tax due to its uncompetitive nature. None of the states Ohio traditionally competes against for new and retained manufacturing facilities—Michigan, Indiana, Illinois, North Carolina, South Carolina, Texas, Alabama, Georgia—tax staffing employment. We applaud the Senate on this important decision that will benefit Ohioans.

The second issue I would like to address is with respect to the Industry Sector Partnership grant program.

House Bill 2 of the 133rd General Assembly created Ohio's industry sector partnership grant program. Ohio's 19 manufacturing sector partnerships -- located in 65 counties across the state -- work with their regional partners to create career pathways in manufacturing to ensure that students, career switchers, and other potential makers receive the exposure, education, and training for successful manufacturing careers. Industry sector partnerships are an important strategy for building Ohio's manufacturing talent pool.

As a result, Ohio's manufacturers are gaining talent pipelines to support their growth. We commend the House and Senate for continuing to fund the program in House Bill 110. However, both the Senate and the House included earmarks to the competitively awarded grant program. These earmarks -- given only to the Jewish Vocational Services of Cincinnati and to the National Additive Manufacturing Innovation Institute -- violate the purpose of the merit-based grant program. These entities are not industry sector partnerships and by including an earmark in a competitive grant, the purpose and structure of the program is compromised.

There are a variety of other grants and programs designed to provide funding for other types of entities. We would ask that the Senate remove these earmarks and keep the sector partnership grant program as designed by the administration and the legislature in House Bill 2 of the 133rd General Assembly.

We appreciate the opportunity to share our thoughts on these two budget-related issues.

Thank you. I would be happy to try to answer your questions.