

House Bill 14
Tim Lynch, Policy Director
Proponent Testimony
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Chairman Roemer, Vice Chair Thomas, Ranking Member Troy, and members of the House Ways and Means Committee, my name is Tim Lynch, and I serve as policy director for the Ohio Department of Taxation. Thank you for the opportunity to provide testimony in support of House Bill 14, legislation that incorporates certain federal tax changes into the Ohio Revised Code.

Ohio's income tax, like nearly all state income taxes, relies heavily on coordination with federal tax law. The first line of the Ohio income tax form asks taxpayers to enter their Federal Adjusted Gross Income (FAGI) from the Federal Form 1040. Having the same starting definition of income as the federal government greatly simplifies the preparation and administration of state income tax for taxpayers, tax preparers, state tax officials, and school districts that impose income taxes.

House Bill 14 updates Ohio law to reflect federal tax changes enacted since Ohio's previous conformity bill, Senate Bill 10 of the 135th General Assembly, which took effect on March 15, 2023. Since the enactment of SB 10, federal income tax law has been amended by the Federal Disaster Tax Relief Act of 2023, which was signed into law late last year.

Specifically, the Federal Disaster Tax Relief Act of 2023 makes the following changes:

- Excludes from gross income any amount received by an individual as a qualified wildfire relief payment.
- Treats East Palestine train derailment payments as qualified disaster relief payments for purposes of IRC Section 139(b). You will recall that the General Assembly previously created an Ohio-specific deduction for East Palestine train derailment payments in House Bill 33.

In the absence of enactment of HB 14, taxpayers would be required to make certain adjustments when filing their Ohio income tax returns to resolve the discrepancy between current and prior federal law. Without conformity, the taxpayer's FAGI would be too low, necessitating an add back of the disallowed federal deductions and exclusions on the "federal conformity adjustments" line on the Ohio return. Such adjustments and recalculations would introduce complexity and, thus, potentially taxpayer errors. They also may result in revenue gains from increased Ohio income tax.

Thank you for your time and consideration. I'm happy to answer any questions you have.