



**HOUSE WAYS AND MEANS COMMITTEE
REPRESENTATIVE BILL ROEMER, CHAIRMAN**

**TESTIMONY
OF
RICK KLEBAN
FOUNDER AND PRESIDENT OF SYCAMORE GROWTH GROUP
FEBRUARY 11TH, 2026**

Chairman Roemer, Vice Chair Thomas, Ranking Member Troy, and members of the House Ways and Means Committee, my name is Rick Kleban, and I am the founder and president of Sycamore Growth Group. I am providing testimony today on behalf of the Ohio Manufacturers' Association.

The Ohio Manufacturers' Association is a mission-driven organization comprised of 1,300 Ohio's manufacturing leaders committed to protect and grow Ohio manufacturing. The OMA adopts public policy positions on legislation as a community of manufacturers, grounded in guiding principles, data-driven research and analysis, and member input. As you know, manufacturers have a strong stake in both federal and state tax policies.

Manufacturers are among the largest taxpayers in the country, and conformity with federal tax law is important for administrative simplicity, business certainty, and economic competitiveness. Ohio has a long history of updating its tax code to reflect federal changes, and timely conformity helps businesses plan and comply efficiently.

Senate Bill 9 conforms Ohio law to recent federal changes affecting research and experimentation (R&E) expenses under Internal Revenue Code Section 174. Prior to 2022, companies could immediately deduct R&E expenses in the year they were incurred. Changes that took effect in 2022 required many of these costs to be capitalized and amortized, creating cash-flow challenges and reducing the incentive to invest in innovation at a time when American competitiveness depends on technological leadership.

The federal change reflected in SB 9 allows immediate deduction for domestic R&E expenditures, while foreign R&E expenditures continue to be subject to capitalization and 15-year amortization. This policy encourages companies to locate and expand R&D activity in the United States (and likely in Ohio as well).

For Ohio manufacturers, greater certainty and improved cash flow support new product development, process improvements, quality enhancements, environmental and sustainability innovations, and job creation and retention.

OMA is a strong advocate of competitive markets and a pro-business environment. Ohio's Commercial Activity Tax is a gross receipts-based tax, so these changes may be largely revenue-neutral at the state level. However, conformity still provides meaningful value to manufacturers, particularly by improving consistency and reducing complexity, including at the municipal level where income-based taxes allow deductions. For these reasons, the Ohio Manufacturers' Association supports Senate Bill 9.

Chair Roemer, Vice Chair Thomas, Ranking Member Troy, and members of the House Ways and Means Committee; thank you for your time today and your attention to this important matter.