

**WRITTEN STATEMENT  
THE OHIO LOBBYING ASSOCIATION  
HB 64—PROPOSED TAX ON LOBBYING SERVICES**

**Ohio House Finance Committee**

**Thursday, March 26, 2015**

The Ohio Lobbying Association respectfully must oppose the proposed tax on lobbying services in House Bill 64. The reasons for our opposition are as follows:

- Lobbying is a necessary service for many businesses, particularly in those industries that are highly regulated by the state. Like other proposed taxes on services, such as management consulting, the tax on lobbying would increase the cost of doing business in Ohio. Furthermore, the burden of the tax would fall unequally on Ohio businesses: those that are subject to significant state regulation would be required to pay the tax, while those whose business activities are less subject to state regulation would not.
- The definition of lobbying in the bill—"lobby service means any activity that serves to influence the opinion or behavior of an individual, an industry, or an organization"—is broad to the extent that many activities, such as advertising, could conceivably come under its umbrella.
- On the other hand, services provided by an employee to an employer seem to be excluded from the tax. Does this mean that the lobbying services provided by an independent consultant (the majority of which are small businesses) would be taxed, while the services of a full-time lobbyist employed by a major corporation would not?
- Legal services are not included in the services proposed to be taxed by the bill. A number of lawyers provide lobbying services through their law practices. If those services are not taxed, while those of other non-lawyer lobbyists are, there is another inherent unfairness in the imposition of the tax.
- Many lobbying contracts are for a year or more in duration. Applying a tax during the pendency of those contracts would make it awkward and no doubt in some cases impossible to renegotiate the contract. Sales taxes are normally passed on to the customer, but in this case would probably have to be absorbed by the business.
- Many businesses or industries that are regulated by the state are represented by non-profit trade associations. The passed-through sales tax on lobbying services would necessarily decrease the resources available to those associations to provide other member benefits.

We appreciate your consideration of our position. If you want further information, feel welcome to contact any member of our board:

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