



Representative Al Cutrona
59th Ohio House District

Representative Jay Edwards
94th Ohio House District

Cutrona

Chair Merrin, Vice Chair Riedel, Ranking Member Sobecki, and members of the House Ways and Means Committee, thank you for the opportunity to provide sponsor testimony on House Bill 482 along with my joint sponsor, Representative Edwards.

The purpose of House Bill 482 is to establish a Tax Fraud Study Commission to study and make recommendations for preventing income tax fraud. The commission would consist of eight members: three members of the Ohio Senate, three members of the Ohio House of Representatives, and two members of the public, one representing a labor organization and the other representing a contractors association. This Tax Fraud Study Commission would have thirteen months to present its findings to the Governor and the Ohio Legislature, after which it would be disbanded.

Thank you again for the opportunity to provide testimony. I will now turn it over to my joint sponsor.

Edwards

Unfortunately, some Ohio employers have been taking advantage of an income tax loophole by misclassifying workers as employees or independent contractors. In 2009, the Attorney General's office released a report on the Economic Impact of Misclassified Workers for State and Local Governments in Ohio. It was estimated

that 459,000 workers were misclassified. This meant unemployment insurances losses to Ohio workers of nearly \$35 million. For the state of Ohio, this meant foregone state income tax revenues between \$112 million and \$223 million annually and a loss of more than \$510 million in Bureau of Workers' Compensation (BWC) premiums annually. These numbers have likely only increased since the report's release.

In addition to misclassification, some have been evading taxes by paying workers under the table, taking advantage of undocumented workers, and other fraudulent means.

It is vitally important that we work to prevent tax fraud from occurring, and it is our hope that this Tax Fraud Study Commission will provide answers for the fraud occurring in our state. Thank you again for the opportunity to testify, and we welcome any questions that you may have.

