



BEFORE THE SENATE WAYS AND MEANS COMMITTEE
TESTIMONY ON SENATE BILL 45
February 16, 2021

Good Morning Chairman Blessing, Vice Chair Roegner, Ranking member Williams, and members of the Senate Ways and Means Committee. My name is Tony Long, Director, Tax & Economic Policy for the Ohio Chamber of Commerce. On behalf of the members of the Ohio Chamber, I am testifying in support of Senate Bill 45.

SB 45 puts an additional economic development tool in the hands of Ohio's economic development professionals who are competing against other states and countries to bring investment and jobs to the state of Ohio. SB 45 would allow Ohio to rapidly respond to a company that announces its intention to expand or make new investment. The world of economic development is very competitive, and this legislation will send a signal to the business community that Ohio is ready to partner with companies that want to make high-impact, long-term investments.

While SB 45 does expand the scope of economic incentives available, it importantly limits the program to a finite number of eligible projects with its high threshold. A project needs to contain either \$1 billion dollars in investment or \$75 million dollars in payroll with an average hourly wage of at least three hundred percent of the federal minimum wage. Furthermore, a mega project supplier only qualifies if it is selling to the mega project operator and has both a payroll of \$10 million dollars and makes at least \$100 million dollars in fixed-asset investments in Ohio.

Along with this high threshold to limit the scope of applicable projects, SB 45 also requires a mega project operator or mega project supplier to receive approval from the Ohio Tax Credit Authority for a Job Creation Tax Credit (JCTC) before the operator or supplier may use the JCTC. Finally, SB 45 requires an annual review of the JCTC by the Director of DSA to evaluate compliance with the agreement. If compliant, the operator or supplier, then receive an annual compliance certificate with the credit amount the business may claim for the year.

The limited scope of eligibility along with compliance checks alleviates our concern with any significant impact on the commercial activity tax (CAT). The CAT has remained a stable source of revenue with limited exceptions and only a few credits. SB 45 strikes a nice balance between the enhancement of economic development tools available for use by development professionals and framing the available incentives with sturdy guardrails.

In conclusion, SB 45 will keep Ohio competitive with other states, and also ensure Ohio receives benefits from the economic incentives awarded. SB 45 also balances the enhanced incentives with sufficient compliance checks. SB 45 is both sensible and needed.

We want to thank Senator Kunze and Senator Peterson for reintroducing this bill (In the 133rd GA it was titled SB 95) and we urge passage of SB 45. I will be happy to try to answer any of your questions.