



Brett Hudson Hillyer

State Representative, 98th House District

Chairman Blessing, Vice Chair Roegner, Ranking Member Williams, and members of the Senate Ways and Means Committee, thank you for the opportunity to provide sponsor testimony on Sub House Bill 223.

House Bill 223 would provide a mechanism for overpaid sales tax to be returned to the retailer that remitted the tax.

House Bill 223 passed out of the house with bipartisan support, and has drawn the support of the Ohio Council of Retail Merchants, Ohio Chamber of Commerce, and the Council on State Taxation.

For some background, the sales tax in Ohio is imposed on the consumer. The retailer is responsible for collecting the tax from the consumer and remitting it to the State. When a consumer makes a purchase using a credit card, the retailer must advance the tax to the State when the purchase is made, even though the consumer is not paying their bill to the retailer until some later point in time.

When the current law was enacted, virtually all retailers owned their own credit cards, and the law worked well for the manner in which business was conducted back then, however, methods of conducting business have changed over the years. Very few of the major retailers carry their own credit any more. They have found it more efficient to engage a private label credit card company to own and manage their credit card programs. The law should be updated to work with the current business climate and this legislation seeks to accomplish a number of different things by updating that law.

First, it aligns bad debt sales tax refunds on private label purchases with sales tax refunds on comparable purchases. Under the current system, retailers are allowed to recoup sales tax remitted on all transactions that result in bad debt, except those tied to private label credit sales.

Second, the bill aligns Ohio's tax code with those of other states. Accordingly, it reduces the unnecessary drain on resources that our clients and we must expend to navigate the multitude of varying states' tax laws.

Finally, this legislation removes an inequity that is also an obstacle to growth. Today, businesses and retail clients indemnify the State for sales taxes that are never collected from the original purchaser. This converts the consumption based sales tax to a tax on business, which, in turn, increases the costs to do business in Ohio and impedes business growth.

Chairman Blessing, Vice Chair Roegner, Ranking Member Williams, and members of the Senate Ways and Means Committee, thank you again for the opportunity to provide sponsor testimony on Sub House Bill 223. I will be glad to answer any questions that the committee members may have. Thank you.