Senator Sandra Williams
21st Ohio Senate District

Senate Bill 264 Sponsor Testimony
Senate Ways and Means Committee
March 3, 2020

Chairwoman Roegner, Vice Chair Blessing, and members of the Senate Ways and Means Committee, thank you for the opportunity to offer sponsor testimony on Senate Bill 264.

The purpose of this legislation is to allow businesses to claim a nonrefundable tax credit for assisting employees with the repayment of their student loan debt. Under the bill, a business can claim a tax credit up to $1,500 per employee per calendar year when they have invested in the employee's student loan debt. Furthermore, the bill allows a business to claim a credit against one of the following taxes: insurance, foreign insurance, financial institutions, insurance premiums, motor fuel supplier tax, income tax, or commercial activity. The employee must be an Ohio resident for the business to be eligible for the credit.

The three main goals of Senate Bill 264 are to assist graduates with the increasing effects of crippling student debt, to retain and attract a highly-educated workforce, and to ensure businesses and jobs stay in Ohio. Providing a tax credit to businesses that aid in the reduction of their employees student debt balance is beneficial for not only the employee but also the employer.

Ohio has one of the highest rates of student debt per capita. According to the Institute on College Access and Success, almost 70 percent of Ohio college graduates leave school with student loan debt. On average, those graduates owe more than $30,000[1] and more than 30,000 Ohioans are in default on their student loans.[2]

Ohio is also among the states most affected by brain drain. In 2017, Ohio had more graduates who were likely to be the top of the national educational distribution than the graduates who stayed in Ohio after graduation. There is excess of highly-educated movers than graduate stayers.[3] States that fail to retain the most-skilled of those born within their borders—or that fail to replace them by attracting the most-skilled born in other states—are at risk of economic

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[1] https://www.ohioattorneygeneral.gov/Files/Publications-Files/Publications-for-Schools/Ohio-Attorney-General-s-Student-Loan-Debt-Collecti

[2] U.S. Department of Education, "FY 2013 3-Year Official Cohort Default Rates by State/Territory," Aug. 6, 2016, Available at https://www2.ed.gov/offices/OSFAP/defaultmanagement/staterates.pdf.

[3] Losing Our Minds: Brain Drain across the United States. https://www.jec.senate.gov/public/index.cfm/republicans/2019/4/losing-our-minds-brain-drain-across-the-united-states#top

stagnation. Recovery from the Great Recession, for example, has been highly uneven across states and metropolitan areas, and economic growth has become more concentrated in a small number of places. With the passage of Senate Bill 264, we can simultaneously ensure business development by offering incentives to businesses that invest in their employees and encourage graduates to stay in Ohio and pay down their loans faster.

Chairwoman Roegner and members of the committee this completes my testimony for Senate Bill 264. I ask for your favorable consideration and I will be happy to answer any questions.