

KOHL'S

N56 W17000 Ridgewood Drive
Menomonee Falls, WI 53051

December 1st, 2022

The Honorable Louis W. Blessing III, Chairman
Senate Ways & Means Committee
Ohio Statehouse
Columbus, OH 43215

Dear Chairman Blessing and members of the Senate Ways & Means Committee:

On behalf of Kohl's, I write to offer our support for the language in House Bill 223 that would permit retailers that carry private label credit cards to apply for a credit or refund of sales tax on bad debt.

As you know, the Ohio sales tax is assessed on taxable purchases and is paid by the consumer. The retailer, acting as an agent of the state, collects the tax from the customer and remits it to the state. When a consumer uses a credit card to make a purchase, the retailer must remit the tax up front on those sales.

When retailers own their own credit card accounts, current law provides for a credit or refund of the sales tax when the purchaser defaults in making payment of the sums due and the account is written off as a bad debt. At the time the law was written, virtually all retailers owned their own credit cards, thus they were entitled to a credit of the sales tax on bad debts.

In today's world, most credit cards issued in a retailer's name are handled by third party lenders. These are called "private label credit cards." Current law does not permit the retailer or the lender to obtain a credit or refund of the sales tax when accounts are written off on a private label credit card, which results in an unfair windfall to the state.

House Bill 223 would update the credit/refund process to capture current business practices by permitting the retailer to obtain a credit or refund of the sales tax when private label accounts are written off. Similar legislation eliminating this inequity has already been enacted in California, Florida, Illinois, Michigan, Pennsylvania, Texas and Wisconsin.

As is the case with current law, this would not apply to "third party" credit cards (e.g., VISA, MasterCard, etc.). It would only apply to private label credit cards that carry the name of the retailer.

Thank you for the opportunity to share our support for this important matter of equity and fairness.

Sincerely,



Steven J. Thomas
Executive Vice President, Chief Risk and Compliance Officer
Kohl's, Inc.
262-703-2720

Rewarding the Everyday