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Sponsor Testimony for House Bill 424

Chair Roemer, Vice Chair Lorenz, Ranking Member Troy, and fellow members of the House Ways and Means Committee, thank you for your time and attention to House Bill 424.

A year ago it was brought to my attention and to Senator Schaffer's that a delivery service that had begun operating in Ohio was paying significantly more sales tax than was required by law. New technology, which is always evolving, requires our laws evolve too, and that's all this bill does – ensure that our taxation system is fair and accurate for tech businesses like Instacart and Uber Eats.

The current law includes, unintentionally, a double taxation affect for delivery services on non-food items where customers pay when they order online but the employee picking up the items pays again at the store, often above the amount already paid by the customer at home. While there is a mechanism in the current law to avoid this, it is complicated and needs updated.

Our office consulted with Senator Schaffer, the Department of Taxation and organizations representing the interests of at least one delivery service to come to an agreed upon solution. House Bill 424 is that solution, which simplifies the sale tax process and eliminates the excess taxation these new companies have been paying. The change will allow a company to request a waiver from the Tax Commissioner that ensures sales taxes are paid only once for the appropriate amount of sales.

We have seen this issue in other states. Again, I would like to reiterate this is a compromise between our Department of Taxation and the delivery service to avoid paying excess taxes but ensure customers and the companies are assessed fairly and accurately.

Thank you for your time and I will attempt to answer any questions you may have.