



Rick Carfagna, Senior Vice President
Ohio Chamber of Commerce
Interested Party Testimony – House Bill 33
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Chairman Dolan, Vice Chair Cirino, Ranking Member Sykes and members of the Senate Finance Committee, thanks for allowing me to present testimony on House Bill 33. My name is Rick Carfagna, and I am the Senior Vice President for Government Affairs for the Ohio Chamber of Commerce (OCC). For 130 years, the Ohio Chamber has served as the state’s leading business advocate, and we represent over 8,000 companies that do business in Ohio. Our mission is to aggressively champion free enterprise, economic competitiveness, and growth for the benefit of all Ohioans.

When we at the Ohio Chamber canvass our members on their most immediate challenges, the universal response across all economic sectors continues to be workforce. That term, however, encompasses a broad spectrum of characteristics beyond merely job training and credentialing. We recognize that to have a qualified, reliable, and thriving base of employees available to Ohio businesses, any discussion of workforce must also include access to affordable housing, childcare, and transportation. To assist with this effort, the Ohio Chamber recently unveiled the [*Blueprint for Ohio’s Economic Future*](#), a constructive look at policy areas where Ohio can better capitalize on opportunities and position itself as a leader in the coming decade.

We applaud the DeWine Administration, members of Senate and House Leadership, both Finance Committees, and the other members of the Ohio General Assembly for providing numerous investments in this budget to make Ohio a safe and vibrant destination to live, work, study, raise a family and operate a business.

First, the Ohio Chamber of Commerce acknowledges and thanks this body for the following measures:

- **Our deepest appreciation for the Senate’s inclusion of the age cap removal for the Medicaid Buy-In for Workers with Disabilities Program. Addressing this benefit cliff was a one of the OCC’s top priorities, and you will allow disabled Ohioans 65 and older to continue working, earning a living, and paying a monthly amount to receive their needed Medicaid coverage.**
- **Inclusion of Senate Bill 1, priority legislation for the OCC that restructures both the Ohio Department of Education and State Board of Education to provide stronger emphasis on workforce skills and career readiness.**

- **Augmenting the appropriation for Innovation Hubs to \$50 million to assist multiple mid-sized Ohio metropolitan centers in fully unlocking the potential of their unique, high-growth research and development opportunities.**
- **Restoration of \$8 million per biennium for the Teach Computer Science program which funds coursework, materials, and exams to professionally develop more CS teachers, and the extension of the computer science licensure exemption.**
- **Increasing the funding level of the “All Ohio Future Fund” to \$1 billion to replenish Ohio’s inventory of large sites and bring economic opportunities to more areas.**
- **Providing \$500 million for a second round of Brownfield Remediation and Demolition and Site Revitalization.**
- **Maintaining the House’s appropriation of \$50 million to create the Ohio Broadband Pole Replacement and Undergrounding Program, which will aid the construction of broadband infrastructure in many areas.**
- **Historic investments in the Ohio College Opportunity Grant (OCOG) to \$400 million over the biennium, the highest level in over a decade to the state’s need-based financial aid for higher education.**
- **Addressing local barriers to increasing Ohio’s housing stock by raising the signature requirements for township zoning referendums to 25% of the most recent total vote cast for governor.**
- **Equipping natural gas companies with additional capacity under the permissible infrastructure development rider to recover costs associated with major economic development projects.**
- **Inclusion of language consistent with House Bill 121, which allows a business with remote workers to assign that worker a reporting location for the purposes of apportioning municipal net profits tax. This allows employers to stay compliant with municipal tax laws and avoid burdensome administrative requirements.**
- **Extension of the Payment in Lieu of Taxes (PILOT) Program for four years, giving counties the continued, permissive option to determine how to tax renewable energy projects and spurring renewable energy development and investment.**
- **The provision of \$200 million for career technical education, including facility upgrades and equipment.**

We wish to highlight a few of our top policy priorities for this General Assembly contained in this state operating budget aligning with our *Blueprint*, while also listing additional measures we hope will either remain intact or be further bolstered throughout the legislative process:

OHIO WORKFORCE HOUSING STATE TAX CREDIT PROGRAM

Of Ohio's workforce challenges, our housing shortage is among the most pressing. Housing starts, whether single or multifamily, are still way down in Ohio and workforce housing stock for low-income renters is short by over 270,000 units. Available and affordable housing provides economic opportunities and prosperity for people, employers, our communities, and our state. It ensures that Ohioans have safe, decent places to live in reasonable proximity to where they work, while providing companies with access to a stable supply of skilled employees.

We applauded the myriad of crucial housing initiatives introduced by the DeWine/Husted Administration, and further advocated for the inclusion of House Bill 3's LIHTC program into the House-passed budget to develop new, high-quality, and affordable workforce housing units. Additionally, the existence of a state tax credit program will allow Ohio to draw down approximately \$120 million of federal bond volume cap for multifamily development.

Enacting a state LIHTC program places Ohio on competitive footing with nearly two dozen other states, and in no way circumvents local control or any community's zoning laws. There is also a marketplace of communities throughout Ohio, particularly in rural areas, which will welcome new housing for both their area workforce and senior populations. **Please reconsider your removal of the state LIHTC credit, and work with the business community and housing advocates to restore the House-passed provisions that address Ohio's critical, widespread housing shortages.**

INVESTMENTS IN CHILDCARE

One of the biggest workforce dynamics of late is childcare. 60% of rural Ohioans and 39% of overall Ohioans live in a childcare desert – a census tract containing more than 50 children under age 5 where no childcare providers are available or any tract in which there are more than three times as many children as licensed childcare slots. We appreciated the Administration and the House increasing the Federal Poverty Level (FPL) for publicly funded childcare from 142% to 160%, as this eligibility expansion for working families strengthens Ohio's employee base. The Senate budget, however, only increases this eligibility to 145%, equating to 15,000 fewer children and families having access to needed care compared to the House budget.

Even with an increase to the FPL, we would caution that access bottlenecks remain in place as Ohio still lacks a corresponding increase in provider workforce to follow proper ratios. Key to creating more capacity is to increase the staffing base for childcare facilities, but unfortunately the \$150 million in ARPA funds for this effort proposed in the as-introduced version was removed by the House and has yet to be restored by the Senate. Furthermore, the House proposed \$30 million over the biennium for Child Care Infrastructure Grants to build more capacity for infants and toddlers, particularly in childcare deserts. The Senate budget halved that amount to \$15 million over the biennium.

Childcare options throughout Ohio remain scarce and expensive, and one of the largest throttles holding back people from fully returning to the workforce. **The Ohio Chamber urges this committee to increase the FPL to 160%, reconsider funding for childcare scholarships, and to increase infant and toddler childcare capacity in communities throughout the state.**

SMART TECHNOLOGIES ASSISTANCE PROGRAM

Another Chamber priority we ask this committee to reconsider is the establishment of a Smart Technologies Assistance Program, targeting small and medium-sized manufacturers otherwise lacking the capital to modernize their machinery and facilities. This request is a joint endeavor by the OCC and the Ohio Manufacturers' Association. Indiana has had remarkable success with its own Manufacturing Readiness Grant Program launched in 2020, which has awarded \$22.8 million to support \$190.4 million in projects in 66 counties. Just as the Mega Projects Program in the previous state operating budget has lured significant large-scale manufacturing investments, this smaller grant program would serve those at the other end of the spectrum. Many small and medium-sized Ohio manufacturers, especially in Northeast Ohio, still use 20- to 50-year-old equipment and machinery. The one-time capital assistance provided by such a match would reward their ongoing state presence, stimulate modernization and private investment, and serve as a quality retention and growth tool. **Please reconsider our amendment to create a Smart Technologies Assistance Program for one-time assistance to Ohio's small and medium-sized manufacturers, funded at \$12 million per fiscal year.**

PROMOTION OF COMPUTER SCIENCE/STEM OFFERINGS AT THE K-12 AND POST-SECONDARY EDUCATION LEVELS

Ohio's economic competitiveness depends on having a technology-proficient workforce that is prepared with the skill sets for jobs that have yet to even be invented. Central to this idea is the continued integration of Computer Science (CS) educational offerings at the K-12 level. Unfortunately, 50% of Ohio's public-school districts had zero offerings of CS at the high school level in 2020. Two keys to address this deficiency are the CS Promise and Teach CS programs proposed by the DeWine/Husted Administration. The CS Promise would provide in-school and virtual CS offerings to more Ohio students. As this body thankfully restored the appropriation for the Teach CS program, **we would ask for a similar amount of \$8 million per biennium to fund the CS Promise which stands up these course offerings.**

NEOMED GRANT FOR CERTIFIED MENTAL HEALTH ASSISTANT PROGRAM

Ohio faces a crisis in behavioral health with nearly two million adults out of Ohio's population of 11.8 million people having a mental health condition – more than four times the population of Cleveland. Undiagnosed mental illness leads to terrible outcomes, including other chronic health conditions, the abuse of drugs and/or alcohol, and even suicide.

One of our state's biggest problems in this space is the severe shortage of behavioral health professionals, which is why the OCC is a huge proponent of both Senate Bill 60 and House Bill 97 – identical companion bills to create a new licensed healthcare professional called a Certified Mental Health Assistant. This program, spearheaded by the Northeast Ohio Medical University or NEOMED, would offer prospective students a new licensure pathway to specialize in mental health and substance abuse disorders. This innovative solution to an escalating problem is exactly what our state needs to grow its behavioral health workforce.

The House-passed budget contained an appropriation of \$4.5 million to stand up this new program, but because it was contained within the \$1 billion package of House earmarks it was rolled into the Senate-proposed One-Time Strategic Community Investments Fund to be used in FY25. We hope the Senate will reconsider its restoration in this operating budget, so that once the new licensure program is approved in statute this funding will already be in place. **Please consider restoration of the \$4.5 million appropriation to create NEOMED's Certified Mental Health Assistant program.**

In addition to the Ohio Chamber's abovementioned top policy priorities, we also wish to direct your attention to the following important issues:

Changes in State Taxation

While acknowledging there is sentiment to reduce the impact of the Commercial Activity Tax (CAT) on the business community, we remain concerned with any adjustment to the tax rate of the CAT. The rate has remained unchanged since it was fully phased-in and provides a predictable source of revenue for the state of Ohio and certainty for businesses subject to the CAT. Adjustment of the rate to counter any downturn in revenue will be politically infeasible.

The Ohio Chamber suggests an alternative method to achieve the same tax reductions proposed by the Senate. First, remove the filing requirement and minimum tax for any business with gross receipts under the exclusions provided in law. Second, phase-in larger exclusions. Currently, taxpayers under \$1,000,000 million in gross receipts pay the minimum tax. That exclusion could be raised to \$4,000,000 in FY24 to match the revenue projections contained in the Senate proposal. For calendar year 2025, the exclusion could be raised to under \$10,000,000 to mostly align with the projections of the proposed 25% tax rate cut. Using 2022 data figures, the fully phased-in exclusion would remove nearly 94% of current CAT filers.

On a separate point, the Ohio Chamber would also urge the inclusion of the bonus depreciation language added by the House. This language benefits business using capital improvements such as farm operations, manufacturers, and restaurants to name a few. Eventually, the use of the federal rules on immediate expensing of depreciation will be net revenue neutral for the state while providing businesses improved cash flow and easier tax filing requirements.

Real Estate Investment Trusts (REITs) and Business Development Companies (BDCs)

The OCC also urges your support for an amendment to be submitted by Senator Lang clarifying how Ohio regulates non-traded Real Estate Investment Trusts (REITs) and Business Development Companies (BDCs), both of which are primarily regulated at the federal level through the Securities and Exchange Commission. This issue has been the subject of repeated testimony throughout the budget process and has enjoyed broad support in the current General Assembly.

The amendment will do two things:

1. Clarify the application of Section 1707.091 – and the nonapplication of Section 1707.09 – to non-listed REIT registrations. The language will clarify that the Ohio Division of Securities may not

delay a registration by coordination, nor require that a non-listed REIT waive registration by coordination to meet a condition imposed by Ohio that has not been otherwise imposed by the SEC.

2. Make non-listed BDCs eligible for a third type of registration procedures, “notice” filings, which are available under Section 1707.92 for investment companies. BDCs are investment companies that comply with many provisions of the federal Investment Company Act of 1940. Notice filing is appropriate for non-listed BDCs.

The amendment will bring reasonable regulation to a growing area of investment. No investor protections would be weakened by the bill, nor does the bill restrict the Division of Securities’ enforcement authority to protect investors and go after bad actors. It simply seeks to ensure that Ohio has a regulatory approach that is based on common sense and ensures appropriate options for Ohio investors. **The Ohio Chamber requests your support of an amendment clarifying how Ohio regulates non-traded Real Estate Investment Trusts (REITs) and Business Development Companies (BDCs).**

Commuter Benefits Tax Credit

The OCC fully supports the creation and inclusion of a Commuter Benefits Tax Credit to incentivize companies to provide transportation as an employee benefit. There are many examples of private mobility providers working in tandem with public transit agencies to address workforce challenges. In several areas across Ohio, these mobility providers contract with employers to transport workers to their operations with great efficiency and often over great distances. These options complement, rather than duplicate, public transportation since they can reach Ohioans that do not reside near existing bus routes or that need to cross county lines. Employers that contract with these mobility providers can increase the value of jobs without increasing wages, improve workforce access, help reduce roadway costs, and provide increased buying power for their employees. These innovative mobility efforts should be encouraged, and we believe providing a Commuter Benefits Tax Credit of up to \$2,500/year per employee when providing chartered transportation is a prudent way to spur more employers to adopt these solutions to their workforce challenges. **Please consider adopting in the omnibus bill a one-year, Commuter Benefits Tax Credit of \$2,500 per employee, per year with the overall tax credit capped at \$10 million.**

Governor’s Merit Scholarships

Post-census, Ohio’s population growth has lagged several states to the point of us losing a congressional seat. Over the past decade, the median United States growth rate was just over a half percent while Ohio struggled to grow by even a quarter of a percent. The Ohio Chamber believes policymakers should aggressively consider recruitment campaigns, incentives, and advocacy to grow our population and retain top talent. Chief among these should be stronger investments in financial aid for post-secondary education or job training. The House removed the “Governor’s Merit Scholarship,” a new, targeted measure to keep our brightest students in-state while equipping them with the financial means to continue their learning pathways. The awards would involve individual merit-based scholarships of \$5,000 per academic year to students in the top 5% of their high school’s

graduating class, for up to four academic years at a public or private institution of higher education. This type of financial assistance, combined with the increases to OCOG, would place Ohio on a trajectory to compete with Michigan and Indiana, both of which offer robust financial aid to grow their talent bases. **The Ohio Chamber thanks the Senate for increasing the investments in OCOG and requests the restoration of the Governor’s Merit Scholarship.**

Newborn Screening for Duchenne Muscular Dystrophy

The OCC would ask your reconsideration to restore a House provision that added Duchenne Muscular Dystrophy – a rare and fatal pediatric disease – to Ohio’s Newborn Screening panel. Not only does increased access to preventative care lead to healthier outcomes, in this instance it will delay or outright halt the terrible manifestations of this disease. Biopharmaceutical companies such as Sarepta Therapeutics, with operations in Central Ohio, are leading the way with innovative research, development, and deployment of gene therapies to treat Duchenne, improve quality of life, and extend lifespans. Our *Blueprint* calls for eliminating disparities among at-risk communities, and the broad adoption of newborn screening for Duchenne shortens the time to diagnosis, helps close the gap in racial and ethnic disparities, and empowers families to make earlier and better-informed treatment decisions. The provision of this lifesaving screening also would encourage and enable more biopharmaceutical companies like Sarepta to make private investments in Ohio-based facilities and faculty. **The Ohio Chamber urges the Senate to restore the addition of Duchenne Muscular Dystrophy to Ohio’s Newborn Screening panel.**

Social Media Parental Notifications

The Senate restored a modified version of the youth online parental notification requirements that were previously removed by the House. The House correctly identified several concerns necessitating a moment of pause and more thorough discussion with affected companies. One example is the unintended consequence of social media platforms potentially storing more personally identifiable data for any future defense against AG enforcement actions. The OCC is also concerned the language’s definition of “operators” could impact a number of products unrelated to social media, and whether these standards would be applied in a fair manner across social media and short-form video platforms. **The Ohio Chamber requests removal of the social media parental notification provision until more discussion is exhausted between tech companies and policymakers on how best to implement these controls.**

Chairman Dolan, Vice Chair Cirino, Ranking Member Sykes and members of the Senate Finance Committee, we know that it takes strong leadership and a cooperative effort to craft a productive state operating budget. Thank you for your diligence thus far in providing a variety of economic opportunities for individual Ohioans and Ohio businesses. I will gladly supply any of you with amendment language mentioned here upon request, and at this time I welcome any questions from the committee.