



OHIO

January 27, 2016

Representative Nan Baker
Chair, Ohio House Economic & Workforce Development Committee
77 South High Street, 12th Floor
Columbus, OH 43215

Dear Chairwoman Baker:

I am writing on behalf of the 25,000 governing members of the National Federation of Independent Business/Ohio (NFIB/Ohio) in support of House Bill 343, legislation that would eliminate the sales and use tax on employment services and employment placement services. Ohio is one of a small number of states that levy a tax on labor, one of only five that levy the tax under sales tax and the only state in the union to tax both the service provider fee and the wages of the employee. We believe it is time to rectify this imbalance and eliminate the tax on employment service and employment placement services.

In addition to the taxation on both provider fee and wages, another major concern is the uncertainty employers face when attempting to determine what constitutes employment services. Although the law permitting sales tax on employment services has been in place since 1993, an Information Release from the Ohio Department of Taxation revised multiple times, most recently in 2007 to reflect statutory changes, has led to confusion as to what exactly constitutes employment services, based upon the examples outlined in the Release. Per testimony provided by the sponsors, this has also resulted in litigation and audits; which can be costly both in time and money.

As Ohio continues to promote a positive business climate, this tax on employment adds an additional cost to employers not recognized in many other states, and certainly not to the extent Ohio employers are asked to absorb. Labor is a significant cost of doing business. In a national and global economy, our state policy should be to encourage job growth and expansion.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Chris J. Ferruso", written in a cursive style.

Christopher J. Ferruso
Legislative Director