

Chairman of the Board
RICK SCHOSTEK
Senior Vice President, Honda of America Manufacturing



President
ERIC L. BURKLAND
March 26, 2014

The Honorable Bill Batchelder
Speaker
Ohio House of Representatives
77 S. High St., 14th Floor
Columbus, OH 43215

The Honorable Keith Faber
President
Ohio Senate
1 Capitol Square, 2nd Floor
Columbus, OH 43215

RE: Commercial Activity Tax

Dear Speaker Batchelder and President Faber:

The Ohio Manufacturers' Association (OMA) has been a supporter of the 2005 tax reforms, including the creation of the commercial activity tax (CAT). The most important characteristics of the CAT are its broad base, its low rate, and its broad application to business entities

The CAT was enacted to promote the four main elements of sound tax policy: (1) equality, (2) simplicity of compliance, (3) transparency and (4) minimal disruption in economic decisions. The CAT promotes equality in that it applies to virtually all business activity in the state. It is simple due to the minimal calculations needed to determine the tax base. It is relatively transparent; while there is some pyramiding, the effect of the pyramiding is ameliorated by the low tax rate. And finally, the broad base and low rate minimize the intrusion of tax considerations in economic decisions by firms.

We continue to believe that any increase in the CAT rates or creation of new credits against the CAT will compromise the integrity, intent and effectiveness of the CAT. It is only through the broad application of this tax that the rate can be kept low, thereby encouraging economic growth and equitable treatment of Ohio's business taxpayers. If the CAT base is eroded, we can expect reduced competitiveness for Ohio businesses.

As the General Assembly considers revisions to the CAT as proposed in various bills under consideration (HB 483, HB 472, HB 375, HB 246, HB 230...), the OMA urges you to protect the low rate and broad base of the CAT.

Thank you for considering our position. Please do not hesitate to contact us if you would like to discuss these items further or if we can be of any assistance.

Sincerely,

Eric Burkland
President
Ohio Manufacturers' Association

cc: House Finance Committee Members
House Ways and Means Committee Members
Senate Finance Committee Members
Senate Ways and Means Committee Members