



Tax and Finance Policy Committee
February 20, 2025

Agenda

Welcome & Introductions	Meredith Mullet, Chair The J.M. Smucker Company
OMA Public Policy Report	James Lee, OMA Staff
OMA Counsel's Report	Joy Hall, Bricker Graydon LLP
Guest Presentation – Ohio Budget & Tax Profile	Greg Browning, Capital Partners
Special Guest Speaker	Representative Bill Roemer, Chairman of Ohio House Ways and Means Committee
Guest Presentation – Trump Administration Tariffs	Jodi Ader, RSM

Our Meeting Sponsor:



2025 Tax and Finance Committee Calendar
Meetings begin at 10:00 a.m.
Thursday, February 20
Thursday, June 26
Wednesday, September 10

OMA Tax and Finance Committee - Feb 2025

Name	Company	Location
Jodi Ader	RSM US LLP	Dayton, OH
Tom Andrews	Kobelco Stewart Bolling Inc	Hudson, OH
Ryan R. Augsburg	The Ohio Manufacturers' Association	Columbus, OH
Steve Austria	Sugar Creek Packing Company	Dayton, OH
Molly Bond	Durable Corporation	Norwalk, OH
Alex Brown	Cenovus Energy	Dublin, OH
Conor Collins	Simon Roofing & Sheet Metal Corporation	Columbus, OH
James Dascenzo	HBK CPAs & Consultants	Columbus, OH
Aimee M. DeLuca, CPA	ScottsMiracle-Gro Company	Marysville, OH
Robin Dennis, CPA	Clark Schaefer Hackett	Miamisburg, OH
Paul G. Dunlavey	P.V.P. Industries, Inc.	North Bloomfield, OH
Maddi Elkevitz	Plante Moran, PLLC	Columbus, OH
Tom Evans	The Ohio Manufacturers' Association	Columbus, OH
Keith Faber	The Procter & Gamble Company	Cincinnati, OH
Jacqueline Filipovich	B & B Molded Products	Defiance, OH
Dave Froling	Vorys, Sater, Seymour & Pease LLP	Columbus, OH
Joy Hall	Bricker Graydon LLP	Columbus, OH
Kim James	Schneider Downs & Co., Inc.	Columbus, OH
Lauren Johnson	Vorys, Sater, Seymour & Pease LLP	Columbus, OH
Lindsay Johnson	Go Sustainable Energy, LLC	Columbus, OH
Pamela Johnson	The Sherwin-Williams Company	Cleveland, OH
Rick Kleban	Sycamore Growth Group, LLC	Dublin, OH
James Lee	The Ohio Manufacturers' Association	Columbus, OH
Michelle Leighton	North Coast Seal	Brook Park, OH
Jill Lifer	Johnson Bros.-West Salem, Inc.	West Salem, OH
Jessica A. Lloyd, MBA	Brilex Tech Services	Youngstown, OH
Patti Luers	LR Design+Build	Columbus, OH
Jacob D. Madore	Whirlpool Corporation	Benton Harbor, MI
Kristin Martin	Nysus Solutions	Maumee, OH
Regan McHale	Eagle Elastomer Inc	Cuyahoga Falls, OH
Jeff Monsman	GBQ Partners LLC	Columbus, OH
David Moore	TS Tech Americas, Inc.	Reynoldsburg, OH
Meredith Mullet, CPA	The J.M. Smucker Company	Orrville, OH
Becky Navarre	Scotts Miracle-Gro	Marysville, OH
Stephen M. Palmer, CPA	Plante Moran, PLLC	Columbus, OH
David Petrill	RSM US LLP	Columbus, OH
Bill Petrus	RSM US LLP	Columbus, OH
John Petzinger	GBQ Partners LLC	Columbus, OH
Andrea Pfaadt	Schneider Downs & Co., Inc.	Columbus, OH
Jodi Poepelman	Cenovus Energy	Dublin, OH
Mike Purcell	GBQ Partners LLC	Columbus, OH
Sharon Reisman	Schneider Downs & Co., Inc.	Columbus, OH
Amy Reynallt	HBK CPAs & Consultants	Columbus, OH
Dennis Rowbotham	GRT Utilicorp, Inc.	Wooster, OH
Brian Schneider	RSM US LLP	Dayton, OH
Andrew Schwartz	Lion Group, Inc.	Dayton, OH
Lindsey Short	The Ohio Manufacturers' Association	Columbus, OH
Christopher N. Slagle	Bricker Graydon LLP	Columbus, OH
Christopher Smyke	Plante Moran, PLLC	Powell, OH
Matthew E. Stamp, JD, LLM	GBQ Partners LLC	Columbus, OH
Joe Stevens	Roetzel & Andress	Columbus, OH
Reuben Stoller	Haviland Drainage Products Co.	Haviland, OH
Jennifer Titus	Catexel Nease LLC	West Chester, OH
Matt Tober	Owens Corning	Toledo, OH
Jenna Tugaoen	Sycamore Growth Group	Columbus, OH
Chad Williams	GBQ Partners LLC	Cincinnati, OH
Megan Williams	Julius Zorn, Inc.	Cuyahoga Falls, OH
Zuzana Zvarova	Boston Beer Company	Boston, MA

OMA Tax and Finance Committee - Feb 2025

Name	Company	Location
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Total Participants 58



Joy L. Hall Biography

For over two decades, Joy Hall has guided businesses and individuals through complex tax matters, both civil and criminal. She specializes in tax controversy, corporate law, and litigation, representing clients in state and federal courts.

Joy leverages her extensive experience to help clients navigate various tax issues, including:

- **Tax controversies:** Tax liens, levies, Offer in Compromises, payroll tax challenges, penalty abatements, refund litigation, and audit appeals.
- **White-collar crime defense:** Investigations and potential charges related to tax evasion, wire fraud, money laundering, and bank fraud.
- **Tax planning & compliance:** Proactive strategies to help clients achieve their financial goals.

With a forward-thinking approach and deep legal acumen, Joy advocates passionately for her clients in the ever-evolving tax landscape.

Prior to joining Bricker Graydon, Joy spent her career practicing at a medium size Northern Kentucky/Cincinnati based law firm, most recently serving as a firm Shareholder and a Member of the Board of Directors. Joy earned her J.D. from the Salmon P. Chase College of Law at Northern Kentucky University. She is admitted to practice in Kentucky.



Greg Browning Biography

Greg Browning is the President of Capital Partners. Founded in 1998, the firm's primary focus is policy, strategy and leadership advisory services.

From 1991 to 1998, Dr. Browning was the Director of the Ohio Office of Budget and Management. In this cabinet position, he was the Chief Financial Officer of the State of Ohio. From 1993 to 1998, he also served as senior policy advisor to the governor, providing advice on a range of policy issues and major system reforms, including health care, education, tax and fiscal policy. Prior to these positions, Dr. Browning headed a public policy research and consulting firm. Dr. Browning holds a bachelor's degree from Ohio University, where he studied history and philosophy, and a doctorate in education from The Ohio State University.

Dr. Browning is the recipient of various awards, including the Distinguished Service Award from the National Governors' Association, the Timothy I. Murphy Excellence in Government Award from the Ohio Government Finance Officers Association and the Outstanding Alumni Award from the Ohio University Department of Political Science. He is also a past president of the Council of Governors' Policy Advisors. From 1998 to 1999, Dr. Browning was a senior policy fellow at Ohio University's Center for Public and Environmental Affairs. In 2012, Dr. Browning became a Professional Fellow at the Voinovich School of Leadership and Public Affairs at Ohio University.

Dr. Browning has been a gubernatorial appointee to two significant state commissions: the Governor's Commission on Student Success and the Ohio Commission to Reform Medicaid. He is a former member (1998-2008) and past president of the State Medical Board of Ohio and a former member (1999-2007) and chairman (2005-2007) of the Ohio University Board of Trustees.



Bill Roemer Biography

State Representative Bill Roemer is currently serving his fourth term in the Ohio House of Representatives. He represents the 31st House District, which includes northern and western portions of Summit County.

A longtime community leader in Summit County, Roemer served as a member of Summit County Council and as Vice President of the Summit Educational Service Center Board of Governors, which helps provide important educational services to children throughout the community. For the last 16 years, Roemer has worked as a substitute teacher in the Revere School District, teaching students in upper-level math and tutoring children as well.

Active in the local community, Roemer volunteered as president, treasurer and commissioner of Revere Baseball over the last 27 years. As manager of the high school travel program, his teams have won four championships in the last ten years. Additionally, Roemer served on the executive committee of the Cuyahoga Valley Regional Council of Governments and the Akron General Hospital Member Advisory Committee

Roemer has a Bachelor of Science Degree in accounting from Case Western Reserve University, where he graduated Summa Cum Laude. He also earned a Master of Business Administration degree from the Weatherhead School of Management of Case Western Reserve University. He is a former instructor of finance at Myers University.

Roemer is a retired AT&T sales director and a Certified Public Accountant, who previously worked in regulatory accounting. His family has owned a farm in Summit County for over 80 years and he continues to protect the ecologically sensitive land as a member of the Summit County Farm Bureau.

For the 136th General Assembly, Roemer is serving on the following committees: Chairman of Ways and Means, Finance, Medicaid, and Public Insurance and Pensions.

Rep. Roemer is married to Josie Roemer, a member of the Summit County ESC, and resides in Richfield with his family.



Jodi Ader

Senior Manager
(954) 449-8079
Jodi.Ader@rsmus.com

Biography

Jodi Ader is an international tax senior manager with over 25 years of experience in international trade. She is well-positioned to assist corporations in planning and creating world-class compliance operations and food safety programs. She has substantial experience in import, export control and sanction matters, including U.S. Customs and Border Protection (CBP), U.S. Food and Drug Administration (FDA), U.S. Department of Agriculture (USDA) and Environmental Protection Agency (EPA) regulations.

Prior to joining RSM, Jodi began her career with the U.S. Department of Commerce's International Trade Administration, promoting export business to East Asian countries. She then worked for a major shipping line and went on to lead global logistics and trade compliance for a Fortune 500 company. She recently established and runs a boutique consulting firm, advising small and middle market corporate clients. Jodi is a U.S. Customs broker and certified Preventive Controls Qualified Individual (PCQI) for human and animal food.

Jodi's main areas of focus include:

- Trade risk assessments
- Tariff reduction planning
- Policy and procedures development
- Training programs

Professional affiliations and credentials

- Licensed Customhouse Broker (LCHB)
- Preventive Controls Qualified Individual for human and animal food
- International Compliance Professionals Association (ICPA)
- International Fresh Produce Association (IFPA), Food Safety Committee member

Education

- Master of Arts, Chinese studies, University of Michigan
- Bachelor of Arts, Asian studies and Chinese language, University of Michigan

TO: OMA Tax and Finance Committee
FROM: James Lee
SUBJECT: Tax and Finance Public Policy Report
DATE: February 20, 2025

Overview

The Ohio General Assembly is entering a budget year focused on tax policy, financial programs, and funding for Agency initiatives. The process will run through the end of June to establish the state budget for operation funds in the next two fiscal years.

Governor DeWine is proposing a \$61 billion budget that reflects a significant decrease due to the absence of federal COVID relief funds. Currently, the state is in relatively healthy financial shape, but lawmakers will face significant challenges in balancing revenues to support ongoing programs while simultaneously pushing for significant tax cuts. Members of the House and Senate are reviewing the governor's proposal and will reveal their own budgets based on the House and Senate's priorities. Legislators have already proposed legislation that they will attempt to include in the state budget, which encompasses new childcare tax incentives for employers, potential reforms to property taxes, a flat income tax rate, and discussions surrounding the future of the Commercial Activity Tax. While the OMA is monitoring these proposals, there is also a need to be vigilant against costly legislative initiatives to manufacturers that were defeated in the last general assembly that are likely to resurface.

On the federal level, the National Association of Manufacturers are making statements regarding the disruptive tariffs resulting from the Trump Administration's aggressive trade negotiation tactics, which include newly proposed tariffs on both allied and adversarial trade partners. They are also beginning nationwide travel in Ohio to advocate for the renewal of the 2017 Trump Tax Reforms.

JobsOhio Extension

Last week, the state legislature approved a 15-year extension of JobsOhio's control over the state's liquor enterprise, recognizing its vital role in driving manufacturing growth. The OMA supported the move, emphasizing JobsOhio's success in attracting major manufacturing investments through critical tax and financial incentives, workforce training, and site development. This extension ensures JobsOhio's long-term financial stability, allowing Ohio to remain competitive in securing high-impact industrial projects and strengthening its position as a manufacturing leader. The OMA's letter of support for the extension can be found in today's materials.

State Revenues and Ohio's Financial State

Ohio Budget Director Kimberly Murnieks reported strong numbers for Ohio's budget heading into the next two-year cycle, with a healthy rainy-day fund exceeding \$3.8 billion. A major hurdle for lawmakers in the upcoming budget will be the lack of one-time federal funds provided by the Biden Administration's congressional initiatives, requiring a return to balancing revenues—primarily sales and income taxes—with ongoing state programs. DeWine's proposed budget was \$25 billion less than the current budget, accounting for the loss of federal dollars. Despite this shift, Republican lawmakers are continuing to push for tax cuts with aims to eliminate the income tax in future budget years. For a more detailed breakdown on state revenues, see the report from today's special guest presenter, Greg Browning, in the meeting materials.

DeWine State Budget Highlights and Projections

Gov. Mike DeWine unveiled a \$61 billion state budget for 2026-2027, significantly lower than the previous budget due to the absence of federal COVID relief funds, demonstrating a shift back to pre-pandemic budget restraints. DeWine's Plan highlights include:

- A new \$1,000 per child (6 and under) tax credit, funded by a \$1.50 per pack increase in tobacco taxes.
- Increasing subsidized childcare.
- Expanded school-based healthcare.
- \$100 million in funding to increase housing in rural areas.

To pay for new proposals, the governor is pushing for increased taxes on sports gambling (20% to 40%) and recreational cannabis (10% to 20%) to support stadium renovations and law enforcement initiatives. Republican lawmakers have pushed back on elements of the budget, particularly the sin tax increases, while advocating for further income and property tax cuts.

Tax & Finance Legislation

SB 3: Flat Income Tax Rate

The Ohio Senate has taken its first step toward eliminating the state income tax with SB 3, which proposes a flat 2.75% rate. Republican sponsors Sen. Steve Huffman and Sen. George Lang argue it will boost the economy, attract businesses, and reverse population decline. Senate President Rob McColley and Speaker Huffman support the plan, with McColley calling it a natural progression of Ohio's tax cuts. This move follows discussions of a phase down in Ohio's income tax that were debated last year, with bills proposing a 6 to 8 year phasedown toward elimination with CAT elimination being included in earlier proposals, which were not included in SB 3. The OMA is monitoring this legislation.

Childcare Tax Incentives for Employers: HB 41 & SB 32

In addition to DeWine's \$1,000 child tax credit aimed to offset childcare costs, significant spending and tax incentive policies are being proposed for childcare in the legislature. Notably, HB 41 aims to provide grants for companies to form public-private partnerships to expand childcare access, while SB32 introduces a cost-sharing program between employees and employers for childcare expenses.

Property Tax Debate and New Legislation Incoming

Aside from the push to reduce income taxes, both chambers are likely to focus on reforms to property taxes. The Senate is likely to explore budget-neutral proposals, including a property tax circuit breaker and a revamped homestead exemption, while resisting new tax deductions or exemptions. SB 342, a reintroduced tax plan from Sen. Blessing and Sen. Kent Smith (D-Euclid) will also be reviewed, focusing on redistributing tax revenues to fund local governments, public libraries, affordable housing, and social programs. More tax bills are likely to be introduced within the coming weeks as more budget-focused hearings are set to ramp up.

Representative Bill Roemer, Chairman of the House Ways and Means Committee, will provide more insights on legislative tax initiatives in today's presentation.

ODJFS Proposes Employer Fee for UI Software Upgrades

The Ohio Department of Job and Family Services' (ODJFS) budget proposal includes a new employer fee to fund a much-needed upgrade to the state's outdated unemployment benefits IT system, which is over 20 years old. The fee would be up to 0.15% of the taxable wage base per year for each covered employee, equating to a maximum of \$13.50 annually. This modernization aims to enhance system security, streamline application processes, and improve user experience

for both employers and claimants. Without this fee, ODJFS warns that maintaining the aging system will incur rising costs and limit the agency's ability to implement necessary updates.

Past Legislation Likely to Return

Prompt Pay Defeated in Lame Duck, Expected to Resurface

The OMA led the charge in defeating House Bill 203, the Prompt Pay Act, during last year's lame duck session. The proposal would have mandated 30-day payment terms in construction contracts, eliminated owners' negotiation rights, and imposed an 18% penalty fee plus attorneys' fees at the owner's expense. Despite strong labor support and a last-minute push from proponents, OMA's coalition-building activities and legislative advocacy successfully blocked the bill in the Senate.

Manufacturing Technologies Assistance Program (MTAP) Reintroduction

The OMA has been working with a pair of bill sponsors on legislation that would create the Ohio Manufacturing Technologies Assistance Program (MTAP). This program would assist small to medium-sized manufacturers by providing grants of up to \$150,000 for investing in modern smart technologies, machinery, equipment, and training. It is designed to enhance productivity, efficiency, and competitiveness in Ohio's manufacturing industry.

The concept was introduced in HB 435 last year and received a hearing for proponent testimony where several OMA members testified before the Ohio House Finance Committee to support the bill, including Ethan Karp from MAGNET, John Holeman from TOSOH SMD, and Dale Foerster from Starr Manufacturing. The bill will soon be reintroduced and placed for consideration to be included in this year's operating budget. That testimony is included in today's materials.

Unemployment Insurance Solvency Reform Likely to be Revisited

The proposal for new employer fees from ODJFS mentioned above have reopened conversations for the business community to once again pursue long needed reforms to Ohio's insolvent unemployment compensation system. Last budget cycle, the OMA testified in support of SB 116, which aimed to reform Ohio's unemployment compensation system by implementing a sliding scale for eligibility, eliminating the dependency clause, and increasing the taxable wage base, which would enhance the system's stability and solvency. These reforms are critical for employers to prevent costly tax penalties on employers during economic downturns that were experienced during the 2008 recession and narrowly avoided during the pandemic.

Public Safety Pension Tax Increase on Employers

Last year, the Ohio House proposed significant increases in pension funding for first responders through House Bill 296, which aimed to raise employer contributions to the Ohio Police and Fire Pension Fund from 19.5% to 24% by 2030, resulting in a 20% increase in taxpayer liability for jurisdictions with police forces.

The OMA opposed the bill, arguing it would impose substantial tax burdens on residents and potentially weaken public safety services by discouraging citizens from supporting future necessary tax increases. The OMA also highlighted that recent wage increases for public safety officers have already strengthened the pension fund, warranting a reassessment of its needs. Alongside a coalition of business groups, the OMA advocated for a pause on the bill to allow for further study of its fiscal implications for local jurisdictions. Public comments can be found in today's meeting materials.

Future of the CAT Tax in Question

In the last budget cycle, the legislature significantly undermined the fairness and foundation of the Commercial Activity Tax (CAT). Recent cuts reduced the number of CAT payers by ninety

percent, causing the share of payers in the manufacturing sector to double from 10% to 22%, thereby placing an unfair and disproportionate burden on the industry. Manufacturers now face the risk of substantial tax increases during revenue shortfalls, as policymakers may be inclined to raise CAT rates despite the diminished tax base.

While discussions were initiated by lawmakers in the last general assembly about potentially eliminating the CAT altogether in future legislation, those efforts seem to have stalled. It is essential for manufacturers to engage in future discussions to develop a strategy that protects the industry from the threat of new taxes that could arise from budget shortfalls.

State Approves \$452M Tax Credit for Major Defense Manufacturer Anduril

Defense contractor Anduril secured \$452 million in state tax credits over 30 years in exchange for maintaining operations for 33 years and creating 4,000+ jobs by 2035. The company plans to invest \$900 million in its new “Arsenal-1” complex near Rickenbacker International Airport, producing drones, missiles, and autonomous weapons. The facility, expected to open in 2035, will employ 4,008 workers with an average salary of \$132,000.

National Association Of Manufacturers Activities on Tariffs, Tax Reform

The National Association of Manufacturers (NAM) released a statement expressing concern over executive orders imposing significant tariffs on imports from Canada, Mexico, and China, emphasizing the importance of maintaining strong North American supply chains to support U.S. manufacturing competitiveness. NAM President and CEO Jay Timmons highlighted that while addressing the crisis of illicit drugs is essential, the proposed 25% tariffs could severely disrupt supply chains and negatively impact small and medium-sized manufacturers, ultimately jeopardizing American jobs and economic growth.

On the other end of tax policy, the OMA Joined the NAM as they kicked off a nationwide tour at the Ohio Statehouse celebrating the importance of the manufacturing industry and emphasizing the need for renewal of the 2017 Trump Tax reforms that have enhanced the industry’s ability to remain competitive and create jobs. The NAM highlighted the need to maintain the 21% corporate rate, preserve the 20% pass-through deduction and protect the reduced individual rates.

Taxation Legislation
Prepared by: The Ohio Manufacturers' Association
Report created on February 19, 2025

- HB14** **INCORPORATE FEDERAL TAX CHANGES** (ROEMER B, WORKMAN H) To expressly incorporate changes in the Internal Revenue Code since March 15, 2023, into Ohio law and to declare an emergency.
Current Status: 2/19/2025 - **PASSED BY SENATE**; Vote 32-0, Emergency Clause 32-0
State Bill Page: <https://www.legislature.ohio.gov/legislation/legislation-summary?id=GA136-HB-14>
- HB28** **ELIMINATE REPLACEMENT PROPERTY TAX LEVY AUTHORITY** (MATHEWS A, HALL T) To eliminate the authority to levy replacement property tax levies.
Current Status: 2/5/2025 - Referred to Committee House Ways and Means
State Bill Page: <https://www.legislature.ohio.gov/legislation/legislation-summary?id=GA136-HB-28>
- HB30** **PHASE DOWN INCOME TAX-2.75%** (MATHEWS A, LAMPTON B) To phase-down the state income tax to a flat rate of 2.75% over two years.
Current Status: 2/5/2025 - Referred to Committee House Ways and Means
State Bill Page: <https://www.legislature.ohio.gov/legislation/legislation-summary?id=GA136-HB-30>
- HB39** **TAX DEDUCTION-OVERTIME WAGES** (FISCHER T, SANTUCCI N) To allow a state income tax deduction for overtime wages.
Current Status: 2/5/2025 - Referred to Committee House Ways and Means
State Bill Page: <https://www.legislature.ohio.gov/legislation/legislation-summary?id=GA136-HB-39>
- HB48** **TAX CHANGES-529, ABLE CONTRIBUTIONS** (MATHEWS A, SANTUCCI N) To modify the income tax deductions for contributions to 529 plans and ABLE accounts.
Current Status: 2/5/2025 - Referred to Committee House Ways and Means
State Bill Page: <https://www.legislature.ohio.gov/legislation/legislation-summary?id=GA136-HB-48>
- HB61** **MODIFY HOMESTEAD EXEMPTION, OWNER-OCCUPANCY CREDIT** (THOMAS D, DANIELS J) To modify the amount of the homestead exemptions and owner-occupancy property tax credit.
Current Status: 2/19/2025 - House Ways and Means, (First Hearing)
State Bill Page: <https://www.legislature.ohio.gov/legislation/legislation-summary?id=GA136-HB-61>
- HB69** **TAX DEDUCTION CHANGES** (PETERSON B, CLAGGETT T) To allow taxpayers to deduct in a single year the full bonus depreciation and enhanced expensing allowances the taxpayer deducts for federal income tax purposes.
Current Status: 2/12/2025 - Referred to Committee House Ways and Means
State Bill Page: <https://www.legislature.ohio.gov/legislation/legislation-summary?id=GA136-HB-69>

- HB87** **TAX SUPPORT-CHILDREN, CHILD CARE** (CLICK G, KLOPFENSTEIN R) To authorize tax incentives for conceived children and certain child care items and to name this act the Strategic Tax Opportunities for Raising Kids (STORK) Act.
Current Status: 2/12/2025 - Referred to Committee House Ways and Means
State Bill Page: <https://www.legislature.ohio.gov/legislation/legislation-summary?id=GA136-HB-87>
- HB89** **TEMPORARY PROPERTY TAX REDUCTION** (SCHMIDT J) To authorize a temporary property tax reduction.
Current Status: 2/12/2025 - Referred to Committee House Ways and Means
State Bill Page: <https://www.legislature.ohio.gov/legislation/legislation-summary?id=GA136-HB-89>
- SB3** **PHASE DOWN OHIO INCOME TAX** (LANG G, HUFFMAN S) To phase-down the state income tax to a flat rate of 2.75% over two years.
Current Status: 1/29/2025 - Referred to Committee Senate Ways and Means
State Bill Page: <https://www.legislature.ohio.gov/legislation/legislation-summary?id=GA136-SB-3>
- SB42** **AUTHORIZE LOCAL GOVT.-RESIDENTIAL STABILITY ZONES** (REYNOLDS M, CRAIG H) To authorize local governments to create residential stability zones where homeowners may qualify for a partial property tax exemption.
Current Status: 2/12/2025 - Senate Local Government, (First Hearing)
State Bill Page: <https://www.legislature.ohio.gov/legislation/legislation-summary?id=GA136-SB-42>
- SB43** **REPEAL SPECIAL COUNTY LODGING TAX** (O'BRIEN S, LANG G) To repeal the authorization of a special county lodging tax.
Current Status: 2/11/2025 - Senate Ways and Means, (First Hearing)
State Bill Page: <https://www.legislature.ohio.gov/legislation/legislation-summary?id=GA136-SB-43>
- SB81** **AUTHORIZE PROPERTY TAX FREEZE-OWNER-OCCUPIED HOMES** (PATTON T) To authorize a property tax freeze for certain owner-occupied homes.
Current Status: 2/18/2025 - Senate Ways and Means, (First Hearing)
State Bill Page: <https://www.legislature.ohio.gov/legislation/legislation-summary?id=GA136-SB-81>
- SB86** **REGULATE HEMP, CANNABINOID PRODUCTS** (HUFFMAN S, WILKIN S) To generally prohibit the sale of intoxicating hemp products, except for sales at licensed dispensaries; to regulate drinkable cannabinoid products, and to levy taxes on drinkable cannabinoid products and other intoxicating hemp products that may be sold.
Current Status: 2/12/2025 - Referred to Committee Senate General Government
State Bill Page: <https://www.legislature.ohio.gov/legislation/legislation-summary?id=GA136-SB-86>
- SB88** **OHIO PROPERTY PROTECTION ACT** (JOHNSON T) To modify the law that prohibits certain governments, businesses, and individuals from acquiring certain real property and to name this act the Ohio Property Protection Act.
Current Status: 2/12/2025 - Referred to Committee Senate General Government
State Bill Page: <https://www.legislature.ohio.gov/legislation/legislation-summary?id=GA136-SB-88>

SB90 **ESTABLISH REGULATORY SANDBOX PROGRAM** (CUTRONA A, LANG G) To create a regulatory relief division within the common sense initiative office and to establish a universal regulatory sandbox program.

Current Status: 2/12/2025 - Referred to Committee Senate General Government

State Bill Page: <https://www.legislature.ohio.gov/legislation/legislation-summary?id=GA136-SB-90>

SB93 **DECLARE INTENT-NEW SCHOOL FINANCING SYSTEM** (BRENNER A) To declare the General Assembly's intent to establish a new school financing system that provides a statewide per-pupil funding payment to public and chartered nonpublic schools based on a single statewide property tax and increased state sales tax.

Current Status: 2/12/2025 - Referred to Committee Senate Finance

State Bill Page: <https://www.legislature.ohio.gov/legislation/legislation-summary?id=GA136-SB-93>

Tax and Finance

ODJFS Proposes Employer Fee To Pay For Unemployment System Upgrade

February 14, 2025

A recent [Gongwer report](#) highlighted ODJFS' proposal to impose a new fee on businesses to fund what the agency notes as a long-overdue upgrade of the state's unemployment benefits IT system.

While business groups acknowledge the need for modernization, they also emphasize the importance of addressing the long-standing solvency issues of the Unemployment Trust Fund. The OMA will analyze and discuss this proposal at the Feb. 20 [Tax and Finance Committee](#) meeting. 2/7/2025

DeWine Announces FY 2026-2027 Executive Budget

February 7, 2025

This week, Ohio Governor Mike DeWine [unveiled](#) the initial details of his two-year state budget proposal.

Highlights include:

- A new \$1,000 per child (6 and under) tax credit, funded by a \$1.50 per pack increase in tobacco taxes.
- Increasing subsidized childcare.
- Expanded school-based healthcare.
- \$100 million to increase housing in rural areas.
- \$8 million to assist local governments with cybersecurity.
- Increasing the sports gaming tax to 40% (current tax rate is 20%) to fund a new fund for supporting major and minor league sports stadiums and to reduce high school sports/activity fees for students.

The Ohio House began hearings on their version of the budget this week, which will continue until mid-to-late April, after which the Senate will make their own amendments before conferencing on an agreed budget and sending it to DeWine for signature and line-item vetoes.

OMA staff are still analyzing the proposed budget and will have deeper analysis on OMA priorities coming soon.

Be sure to [register](#) for the OMA's Feb. 20th Tax & Finance Committee for an in-depth breakdown on the state budget process and key OMA priorities. 2/5/2025

Anduril Tax Credit Approved by State

January 31, 2025

Earlier this week, defense contractor and manufacturer Anduril [received approval](#) from the state for \$452 million in tax credits for the next 30 years.

In exchange for the credit, the California-based autonomous weapons developer is required to maintain operations on-site for 33 years and bring more than 4,000 new production and services jobs by 2035.

Anduril announced two weeks ago plans to spend about \$900 million on their new "Arsenal-1" complex south of Rickenbacker International Airport to build drones, missiles, and other high-tech unpiloted military weapons. When completed, estimated in 2035, the complex would employ 4,008 workers with an average hourly wage of \$63.61, making the average annual pay \$132,000. 1/28/2024

State, City Play Hardball Against Browns

January 17, 2025

Reacting to a plan by the Cleveland Browns to construct a new domed stadium outside of Cleveland proper, Ohio Attorney General Dave Yost joined with attorneys for the City of Cleveland in a game of smash mouth lawsuits.

If the sports club is allowed to relocate, Ohioans could be on the hook to pay for the new stadium using taxpayer dollars. We reported recently, the Browns are lobbying for state funds in the soon-to-be-introduced state budget. *1/14/2024*

State Budget Director: Ohio is in Good Economic Shape Headed Into Budget Season

January 17, 2025

Kimberly Murnieks, Director of the Office of Budget and Management told reporters this week that the state is in a strong financial position heading into the 2025/26 budget year.

Murnieks, who was appointed by Governor DeWine in 2019, touted a healthy bottom line for the state, in addition to a strong “rainy-day fund” of over \$3.8 billion, which can be used for uncertainties like natural disasters. *1/14/2024*

Will the State Pay for New Browns Stadium?

January 10, 2025

Just weeks before the state budget bill is set to be introduced at the Statehouse, Ohio’s new Senate President tempered the notion that taxpayers would subsidize a significant share of construction costs to build a possible new stadium in Brook Park, outside of Cleveland.

According to Cleveland.com, Senate President Rob McColley said he opposes “handouts” such as the proposal lobbyists for the 3-14 Browns organization are attempting to advance looking for a reported \$600 million in state share toward the total \$2.4 billion price tag to develop the new site. Stay tuned. *1/6/2024*

“Prompt Pay Act” Falls in Final Hours

December 20, 2024

This week, House Bill 203, also called the “Prompt Pay Act”, failed to clear the Senate prior to the closing bell of the General Assembly. Garnering strong support from labor, the bill enjoyed a strong last-minute push at the end of the post-election session. The OMA’s coalition-building efforts with members of the business community and advocacy in the general assembly were instrumental in deterring its passage.

The bill aimed to set the payment terms in construction contracts and eliminate the owner’s right to negotiate by requiring all contracts be paid within 30 days while enforcing an 18% penalty fee and providing attorney’s fees for contractors at the owner’s expense. *12/18/2024*

OMA Leads Business Groups Opposing Prompt Pay

December 13, 2024

The OMA led a coalition of business groups to oppose House Bill 203, the prompt pay act. The labor-supported bill would set the payment terms in construction contracts and eliminate the owner’s right to negotiate by requiring all contracts be paid within 30 days. HB 203 would impose an 18% rate on payments not made within the state-mandated “prompt pay” period.

With just a few weeks remaining in the general assembly, the OMA will continue its efforts to oppose the bill and prevent its passage. *12/10/2024*

Ohio Lawmakers Consider Bigger Pay Raises for Themselves and Other Officials **December 13, 2024**

In the final weeks of the legislative session, Ohio lawmakers are debating a proposal to increase annual pay raises for elected officials from 1.75% to 5% over the next four years.

After that, raises would align with inflation or be capped at 3% annually. While legislators like Rep. Bill Seitz (R-Cincinnati) argue that the increase addresses inflation's impact, critics question the timing and effectiveness of lawmakers in addressing broader issues such as housing and utility costs. Discussions are ongoing, with no bill introduced yet. *12/10/2024*

Ohioans Hit with Skyrocketing Auto Insurance Costs **December 6, 2024**

Ohioans are paying more for auto insurance rates, with the 10 largest auto insurers in the state raising their rates an average of 19.3 percent in 2023.

The industry is blaming the increase on more accidents and more severe accidents since the pandemic, as well as rising medical costs, an increase in stolen cars, more distracted driving, and higher legal costs, according to the Columbus Dispatch. *11/27/2024*

Bill To Phase Out Income Tax, CAT Tax, Receives First Hearing **November 22, 2024**

This week, the Ohio Senate's Ways & Means Committee began hearings on Senate Bill 216, a proposal to phase out state income tax on nonbusiness income over six years and repeal the Commercial Activity Tax (CAT) by 2030.

The bill's sponsor, Sen. Steve Huffman, acknowledged the state would need to replace approximately \$8 billion in annual revenue, potentially through spending reductions or revised sales tax policies, while protecting essential items like food and rent from sales tax. Advocates argue the measure will spur economic growth and attract residents to Ohio, but critics, like Sen. Kent Smith, raised concerns about impacts on property taxes and overall revenue sustainability. *11/20/2024*

What to Watch: Four Manufacturing Issues to Watch Under a New Trump administration **November 15, 2024**

President-elect Donald Trump campaigned heavily on bringing back U.S. manufacturing, extend the Tax Cuts and Jobs Act, curtail federal funding for clean energy, and use tariffs to boost the manufacturing sector.

UtilityDive recently broke down the top four issues to keep an eye on as Trump rolls out his presidential transition plan. *11/14/2024*

Markets Surge Post Election **November 8, 2024**

Markets rallied dramatically Wednesday following Donald Trump's victory in the 2024 presidential election.

The Dow Jones Industrial Average surged 1,434 points to a record high, or around 3.4%. The S&P 500 also hit an all-time high, popping 2.3%, with the Nasdaq Composite climbing 2.6% to a record of its own.

The dollar also had its highest jump since 2020, most likely a reaction to Trump's proposals around tariffs, international trade, and taxation. *11/6/2024*

Advanced Manufacturing Credit Requirements Receive Final Clarification **November 1, 2024**

The IRS has released the final regulations regarding qualifications and stipulations for the Section 45X advanced manufacturing production tax credit.

The regulations include allowing qualified parts to be made from recycled materials, clarification on certain material and extraction cost qualifications, and inclusion of domestic solar wafer production.

These final regulations take effect Dec. 27, 2024. *10/30/2024*

U.S. Treasury Finalizes "Climate Friendly" Manufacturing Tax Breaks **October 25, 2024**

The U.S. Treasury Department this week rolled out the final rules for tax breaks for manufacturers making "clean" energy parts and mineral products used in climate-friendly tech.

The "45X" credit covers equipment like solar inverters, battery cells, wind blades, and more in the latest move from Washington to merge climate and industrial policy. The credits also apply to processing project extraction costs when sourcing domestic minerals. *10/24/2024*

Federal Overtime Rules See More Changes **October 18, 2024**

More changes are coming to the Fair Labor Standards Act (FLSA) overtime regulations. Effective July 1, 2024, the U.S. Department of Labor has increased the minimum salary threshold for executive, administrative, and professional (EAP) employees to \$844 per week.

Further changes are set for Jan. 1, 2025, which will impact how employers manage payroll and compliance. OMA Connections Partner CliftonLarsonAllen has prepared a guide for how employers can continue to prepare for the new changes, including adjustments to payroll systems, and communicate changes to their employees to ensure compliance and minimize disruptions. *10/15/2024*



February 5, 2025

Ohio Office of Budget and Management
30 E Broad St
34th Floor
Columbus Ohio 43215

Re: Manufacturers' Support 15 Year Extension for JobsOhio

Dear Members of the Ohio Controlling Board,

On behalf of the Ohio Manufacturers' Association (OMA) and our nearly 1,300 member companies, we write in support of the 15-year extension of JobsOhio's current franchise of the State's spirituous liquor enterprise. The OMA's sole mission is to protect and grow Ohio's manufacturing sector, and JobsOhio has been vitally important in achieving that goal by driving strategic investments that strengthen the state's industrial base and workforce.

Since its inception, JobsOhio has positioned Ohio as a leader in economic development, consistently landing Ohio as one of the top ranked states for new projects and job creation. Its unique funding model—supported by liquor enterprise revenues rather than public funds—has allowed it to be agile, proactive, and highly competitive in securing major investments. This approach has been instrumental in bringing high-impact manufacturing jobs to Ohio.

Manufacturing is the largest contributor to Ohio's GDP, supporting nearly 700,000 jobs and driving more than \$130 billion in annual economic output. JobsOhio plays a crucial role in ensuring manufacturers can thrive by providing site development funding, workforce training support, and strategic incentives that help Ohio compete for large-scale projects. With economic development costs rising due to inflation and higher capital expenses, extending JobsOhio's franchise through 2053 will provide the long-term financial stability needed to continue this work.

Now is the time to act. Ohio is competing for 10 additional megaprojects, and recently enacted legislation allows JobsOhio to enter into 30-year agreements—meaning businesses need certainty that JobsOhio will remain a reliable partner for the long haul. Extending the lease now will send a strong signal that Ohio is committed to fostering an environment where manufacturers can invest, expand, and create jobs.

We urge the Controlling Board to approve this extension and protect the critical role JobsOhio plays in advancing Ohio's manufacturing strength and economic future. Thank you for your consideration.

Sincerely,

James Lee
Managing Director, Public Policy Services



December 10, 2024

The Honorable Jerry Cirino
Ohio Senate
1 Capitol Square
Ground Floor
Columbus OH, 43215

Re: Opposition to HB 203 – Protecting Freedom of Contract and Ohio’s Economic Competitiveness

Dear Chairman Cirino,

As members of Ohio’s business community, we write to express our strong opposition to House Bill 203, also known as the Prompt Pay Act.

We are deeply concerned about the timing and speed with which this bill is being advanced. More time is needed to thoroughly assess and deliberate a measure with such significant economic implications. Rushing HB 203 without proper consideration risks unintended consequences that could negatively impact Ohio’s businesses, investors, and overall economic competitiveness.

While we fully support the principle that all parties engaged in construction and maintenance projects should be paid in accordance with the agreed-upon terms in their contracts, HB 203 introduces sweeping mandates that will harm Ohio’s economy, undermine the freedom of contract, and disrupt the state’s business environment.

HB 203 would require private construction project owners to pay contractors within 30 days of receiving a payment application or face extreme penalties, including an 18% interest rate and liability for contractors’ legal fees. There are several problematic provisions in the bill:

1. **Interfere with Freedom of Contract Negotiations:** Businesses must retain the ability to negotiate payment terms tailored to the specific needs of all parties. HB 203 imposes a one-size-fits-all mandate, undermining this foundational principle.
2. **Deter Investment in Ohio:** Punitive measures like an 18% interest rate and guaranteed legal fees for contractors could deter future investment in Ohio. Businesses may hesitate to undertake development projects in the state, fearing disproportionate penalties, potentially leading to job losses and decreased economic activity.
3. **Encourage Frivolous Lawsuits with No Financial Risk to the Plaintiffs:** The bill’s attorneys’ fees provision could foster unnecessary litigation, creating a cottage industry of lawsuits from bad actors over minor disputes. This would divert resources away from productive business operations.

Ohio’s business climate depends on careful, deliberate policymaking to ensure a fair, competitive, and growth-oriented regulatory framework. HB 203 has far-reaching implications

that require thoughtful discussion and analysis—more than the remaining days of this legislative session allow.

For these reasons, we respectfully urge you to reject HB 203. Rushing this legislation through at the close of the session would be a disservice to Ohio's businesses and broader economic interests.

Thank you for your attention to this important matter.

Sincerely,

The Ohio Manufacturers' Association
The Ohio Council of Retail Merchants
Data Center Coalition
Ohio Telecom Association
Ohio's Broadband and Cable Association

CC: Members of the Senate Workforce and Higher Education Committee



BEFORE THE HOUSE FINANCE COMMITTEE
REPRESENTATIVE JAY EDWARDS, CHAIRMAN

TESTIMONY OF
ETHAN KARP, MAGNET
OMA PARTNER

June 18, 2024

HB 435 - Proponent Testimony

Chairman Edwards, Ranking Minority Member Bride Sweeney and members of the House Finance Committee, thank you for the opportunity to testify in support of House Bill 435, sponsored by Representatives Santucci and Demetriou, which would create the Manufacturing Technology Assistance Grant Program (MTAP).

My name is Ethan Karp and I am representing MAGNET as a proud partner of the Ohio Manufacturers Association. MAGNET is both a Manufacturing Extension Partnership (MEP) and an Industry Sector Partnership (ISP). We support an important piece of Ohio's manufacturing ecosystem.

MEPs help Ohio's small and medium-sized manufacturers to increase sales, create jobs and generate cost savings through technological innovation, workforce training and improved management practices.

ISPs help fund collaboration between businesses, education and training providers, and other community leaders who are invested in improving their region's workforce. These collaborations create a more skilled workforce and benefit both Ohioans and Ohio's job creators.

As you know, small and medium-sized manufacturing companies are critical to Ohio, representing 90% of job growth for high-paying jobs. For every new manufacturing job that is created or retained, three to five supporting jobs are also created. This is why investing in this space is so important to Ohio's future.

House Bill 435 creates the **Manufacturing Technology Assistance Grant Program (MTAP)** that will provide an opportunity for manufacturers with under 500 employees to apply for \$150,000 in grant funding for equipment upgrades and smart technology integration.

Through collaboration with Manufacturing Extension Partnerships (MEPs) like ours in Northeast Ohio, MTAP will offer manufacturers access to expert guidance, further bolstering their ability to navigate the complexities of technology integration. In the past five years, MAGNET has served 442 manufacturers in Northeast Ohio, helping those companies achieve the following results:

- \$785.7 million in increased/retained sales
- \$100.2 million in cost savings
- \$329.7 million of investment in their operations
- Create or retain 4,596 manufacturing jobs

Much of MAGNET's work is focused on helping manufacturers implement Industry 4.0 and advanced technologies. A few examples include:

- **M-7 Technologies** (Youngstown, OH) provides precision measurement solutions to a wide range of industries through metrology inspection, laser scanning, and reverse engineering services. M-7 has reported \$30M in increased or retained sales, 40 new and retained jobs, and \$5M in new investments thanks to MAGNET. M-7 CEO Michael Garvey says: "MAGNET is our go-to resource for growth and technology implementation. They supported integration of our best-in-class software and hardware, which resulted in production increases of more than 75%."
- **Haltec Corporation** (Leetonia, OH), a leading manufacturer of specialty tire valve systems and pressure inflation solutions, needed to automate the assembly of valves to keep up with demand. MAGNET designed, built, and installed two tire inflation valve automated machines with Industry 4.0 technologies, including cobots and digital data. These custom machines have allowed Haltec to keep up with business growth and increase revenue. Haltec now produces 80 percent of its high-volume products through automatic valve assembly; more than 250,000 pieces were processed during the first year of the machines' operation. Haltec vice president of IT Jeff Kovacich says: "Automation is vital for the company, particularly the use of a valve assembly machine for parts previously produced entirely by hand. Though handcrafting is still central to operations, technology is key to production improvements."
- **Alloy Precision Technologies** (Mentor, OH) specializes in custom and standard manufacturing. MAGNET has completed multiple Industry 4.0 products with Alloy, with a reported impact of \$10 million increased and retained sales, 28 new and retained jobs, and \$4.5 million in new investment. Alloy President & CEO Michael Canty says: "MAGNET is our innovation and technology partner driving growth and bottom line results. Over the past five years, we have implemented advanced technologies including cobot machine tending, real-time machine monitoring and part inspection, proprietary process equipment, and cybersecurity."

Drawing inspiration from successful initiatives in neighboring states like Iowa and Indiana, MTAP has the potential to catalyze transformative growth and innovation across Ohio's manufacturing landscape.

We urge your support for this proposal, recognizing its significance in driving economic competitiveness, fostering innovation, and ensuring the continued success of Ohio's largest industry - manufacturing.

Thank you for your consideration of this program. I am happy to answer any questions you may have about this proposal or our organization.



BEFORE THE HOUSE FINANCE COMMITTEE
REPRESENTATIVE JAY EDWARDS, CHAIRMAN

TESTIMONY OF
DALE FOERSTER, STARR MANUFACTURING, INC.
OMA MEMBER

June 18, 2024

HB 435 -Proponent Testimony

Chairman Edwards, Ranking Minority Member Bride-Sweeney and members of the House Finance Committee, thank you for the opportunity to testify in support of House Bill 435, sponsored by Representatives Santucci and Demetriou, which would create the Manufacturing Technology Assistance Grant Program (MTAP).

My name is Dale Foerster and I represent Starr Manufacturing, Inc. as a member of the Ohio Manufacturers Association.

Starr Manufacturing, located in Vienna, Ohio (15 minutes north of Youngstown and 10 miles east of Pennsylvania), is a family-owned company founded in 1965, currently employing 50 highly skilled employees. We produce custom industrial equipment and machinery for diverse industries, with core competence in oil and gas (mainly as OEM), energy, material handling, waste management including environmental waste management.

House Bill 435 creates the **Manufacturing Technology Assistance Grant Program (MTAP)** that will provide an opportunity for manufacturers with under 500 employees to apply for \$150,000 in grant funding for equipment upgrades and smart technology integration.

MTAP represents a crucial opportunity to empower Ohio's small to mid-size manufacturers to thrive in an increasingly competitive global market. By providing grants for the adoption and integration of smart technologies, this program will not only drive operational improvements but also ensure the long-term sustainability of our manufacturing sector.

For our company, MTAP would help us realize operational efficiencies by allowing the state to partner with us on technological improvements. As our highly skilled team members retire, we're faced with a huge gap in knowledge which we can only overcome by a shift towards new technology and automation to bridge gaps between those retiring employees and emerging employees who will utilize automation to perform some of those dying hands-on skills. It's imperative that we adapt and tap into that new kind of skill and seemingly inborn ability in order to enable us and our emerging employees to thrive in the reality of the modern world. Embracing, teaching and implementing modern manufacturing technologies and at the same time teaching proven "old" process knowledge using the area technical education centers is vital to our long-term success and ever-tightening and more difficult competition. For small companies like ours, a boost made possible through this proposed grant would be of immeasurable value across the board!

With an initial funding allocation of \$12,000,000, this program will not only enable manufacturers to thrive in today's dynamic business environment but also maintain Ohio's position as a frontrunner in manufacturing technologies.

We urge your support for this proposal, recognizing its significance in driving economic competitiveness, fostering innovation, and ensuring the continued success of Ohio's largest industry - manufacturing.

Thank you for your consideration of this program. I am happy to answer any questions you may have about this proposal or our company.



**BEFORE THE INSURANCE COMMITTEE
THE OHIO SENATE
SENATOR BOB HACKETT, CHAIR**

**SENATE BILL 116
TESTIMONY OF BILL CREEDON
THE OHIO MANUFACTURERS' ASSOCIATION**

MAY 16, 2023

Chair Hackett, Vice Chair Lang, Ranking Member Craig, and members of the Senate Insurance Committee, thank you for the opportunity to provide testimony on Senate Bill 116, which proposes important reforms to Ohio's unemployment compensation system.

My name is Bill Creedon from the law firm Bricker Graydon, representing The Ohio Manufacturers' Association (OMA). Created in 1910 to advocate for Ohio's manufacturers, the OMA today has approximately 1,300 members statewide. Its mission is to protect and grow Ohio manufacturing.

As you may know, manufacturing is the largest of the state's 20 major industry sectors. As of Q3 2022, manufacturing contributed more than \$130 billion annually to Ohio's economy, accounting for nearly one-fifth of Ohio's private industry GDP.

Our association strongly supports Senate Bill 116 (SB 116).

Ohio's unemployment compensation system is long overdue for reforms to address the system's long-term stability and solvency. The system has continually been under threat of insolvency, placing the fund in jeopardy every time the state faces an economic downturn.

Historically, the state's decades long UI insolvency has produced significant cost burdens on Ohio's employers at times when they can least afford it. Many of our manufacturers remember the difficulties following the 2008 recession when an excess in unemployment claims completely exhausted the fund, forcing the state to borrow nearly 3.4 billion from the federal government.

Ohio employers were the sole contributors responsible for repaying that debt with a cost of over \$250 million in interest payments. Our members and the business community at large had to bear that cost through increased payroll taxes and special tax assessments for several years until the loan was paid off.

S.B. 116 offers three simple changes to protect the system, employers, and taxpayers from exorbitant costs resulting from insolvency.

First, the legislation proposes a sliding scale for eligibility tied to the state's unemployment rate from 12 to 20 weeks. During the pandemic, the average Ohioan received benefits for 14.5 weeks, well below the proposed cap. Additionally a sliding scale provides the benefit of flexibility to cap excessive costs to the system in times of low unemployment, while allowing benefits to be expanded in necessary times of economic downturn.

Second, S.B. 116 eliminates Ohio's dependency clause. Most states do not have this particular benefit. Ohio is one of only 13 states. Moreover, as currently constituted, only higher earners are eligible to utilize this particular benefit. Eliminating the dependency benefit also eases the administrative burden on the system, cutting additional costs.

Finally, S.B. 116 proposes an increase to the taxable wage base from \$9000 to \$9,500. Employers who have the most to lose in times of insolvency understand the need to pay more at the front end to prevent a future insolvency crisis. This modest increase in cost brings Ohio closer to solvency and places our state in line with our neighboring states' taxable wage rates.

The OMA supports S.B. 116 and its sensible reforms. At a time of low unemployment and high job creation, Ohio is presented with the proper conditions to make significant improvements to our unemployment compensation system, allowing our state to avoid tax penalties on businesses in times of economic hardship and put an end to the endless cycle of unnecessary borrowing from the federal government.

Thank you. I am happy to answer any questions at this time.



December 3, 2024

Ohio Senate
Senate Building
Columbus, OH 43215

RE: House Bill 296

Dear members of the Ohio Senate:

The undersigned organizations are writing to ask that the Ohio Senate pause deliberation on Substitute House Bill 296 (Increase Employer Contributions to Ohio Police and Fire Pension Fund) if the House passes Sub. HB 296 or inserts it into a Senate Bill during any remaining sessions in calendar year 2024.

Sub. HB 296 requires taxpayers in every jurisdiction with a police force to add additional funds to the police and fire pension fund. These taxpayer dollars are referred to as employer contributions, and Sub. HB 296 scales the current contribution from 19.5% to 24% by 2030. While the bill is phased in over six years, it still represents a 20% increase in taxpayer liability and will result in additional tax burdens to Ohioans, either through new property tax levies, increased income taxes or other funding mechanisms ultimately borne by the citizens in each jurisdiction.

If taxpayers choose not to raise taxes then public safety services will weaken and may halt plans by jurisdictions to bolster public safety resources. Our organizations represent business organizations that benefit from the presence of public safety officers. It gives consumers a sense of security and safety as they shop, attend civic events or go out to their favorite restaurants. And it gives employees the same sense of security and safety as they commute from work to home. These same public safety officers respond to calls, protect public and private property and keep motorists safe as they drive on the roads.

Sub. HB 296 delays efforts to deploy more resources, minus a tax increase, solely to bolster a pension fund that may or may not need these contributions. The Ohio General Assembly and its Ohio Retirement Study Council should reexamine the need for additional contributions considering recent collectively bargained contracts that have provided additional wages to public safety officers, and in turn, added more funds to the pension balance sheet. Additionally, more time should be given to study the fiscal ramifications to local jurisdictions who must shoulder the burden of this state level mandate.

Our organizations are available to discuss this matter further either in person or via virtual meetings. Our priority is the safety of our associates, our customers and our clients. This priority can only be met if our local jurisdictions keep the flexibility to assign public safety resources (training, over-time, additional officers) per the needs of each jurisdiction.

Thank you for considering this request as you close out the 135th General Assembly.

Sincerely,

Ohio Chamber of Commerce

Ohio Business Roundtable

Ohio Manufacturers' Association

The Return of an Unfair Tax Burden on Manufacturers

Examining Ohio's shrinking CAT base under the new state budget

Background

The Ohio Commercial Activity Tax (CAT) is a simple, broad-based tax that imposes a low rate (0.26%) on nearly every economic sector in Ohio. The CAT was established by the state's 2005 tax reform and has helped Ohio become a more manufacturing-friendly state by replacing the previous franchise tax and tangible personal property tax. Because manufacturing operations require substantial capital investment, the franchise tax and personal property tax imposed a disproportionate tax burden on manufacturers. (Read the OMA's [2008 background](#) on Ohio's 2005 tax reform actions.)

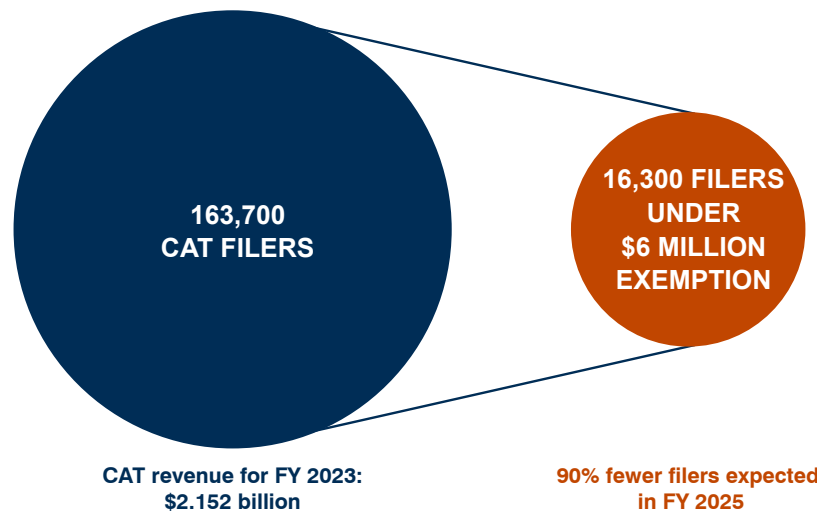
Ohio's New CAT Rules Under HB 33

Currently, taxpayers with less than \$150,000 in annual Ohio taxable gross receipts are excluded from the tax, while taxpayers with Ohio taxable gross receipts between \$150,000 and \$1 million pay a flat fee of \$150.

Under the FY 2024-25 state budget ([House Bill 33](#)), for tax periods beginning in 2024, businesses with Ohio taxable gross receipts of \$3 million or less will be excluded. For tax periods beginning in 2025 and thereafter, businesses with taxable gross receipts of \$6 million or less will be excluded.

With these changes, nearly 90% of current CAT filers will no longer be paying the tax, [according](#) to estimates. For more on the CAT changes under HB 33, see [this summary](#) from the Ohio Department of Taxation.

WHO PAYS OHIO'S CAT?

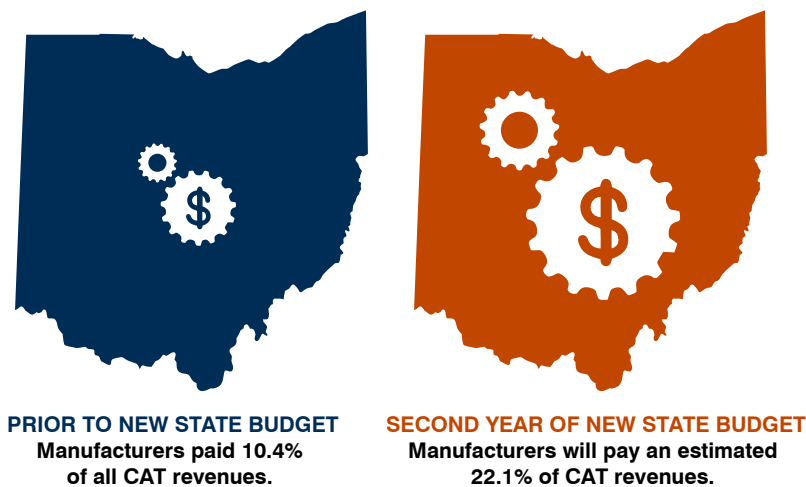


Source: Ohio Department of Taxation

Why Are Manufacturers Concerned?

- Fairness:** The manufacturing community typically welcomes tax relief. However, tax relief must be sound and sustainable while preserving a broad base and ensuring fairness. Under HB 33, the pool of CAT payers will be just 10% of its current size by the second half of the biennium – and a significant percentage of remaining CAT payers will be manufacturers. An analysis by the Ohio Department of Taxation shows the share of Ohio manufacturers paying the CAT will more than double—from just over 10% before HB 33 to more than 22% under the \$6 million gross receipts exemption. This marks a return to the pre-2005 era when manufacturers shouldered a disproportionately large share of the tax burden.
- Future Tax Hikes:** State operations and services are dependent on Ohio’s General Revenue Fund (GRF). Ohio’s major taxes – primarily the sales and income tax and the CAT – fund much of the GRF. Lawmakers have shown no appetite to reduce overall state spending, which increased by [nearly \\$20 billion](#) from FY 2019 to FY 2022 alone. When the state’s next revenue shortfall hits, current taxpayers will be the most prominent targets for policymakers who want to boost revenues. While some lawmakers have called for elimination of the CAT, it is highly unlikely future revenues will be able to support or sustain such a move. Gross CAT collections in FY 2023 were [\\$2.66 billion](#), meaning the new CAT rules will leave a large budget hole when the next economic downturn occurs.

A LARGER PERCENTAGE OF MANUFACTURERS STUCK WITH THE CAT BILL



Source: Ohio Department of Taxation

Possible Solutions

Given manufacturing’s leading role in the state’s economy, Ohio should incentivize manufacturer growth, not penalize the sector disproportionately with a larger tax burden. There are several policy solutions that could rectify, or at least mitigate, the CAT changes imposed by HB 33. These possible solutions include:

- Excluding all businesses engaged in a “manufacturing operation” (as defined in R.C. Chapter 5739) from application of the CAT, or repealing the remaining vestiges of the CAT. This would be the most effective way to ensure manufacturers do not shoulder an unfair portion of the tax burden.

- Other mitigation strategies include establishing a more robust system of credits. For example, Ohio could offer credits for all capital investments made by manufacturers at an Ohio facility. This would allow manufacturers to use their disproportionately high capital investment costs to offset what will otherwise be a disproportionate tax burden.
- Alternatively, a smaller step would be to simply require that a certain amount of Job Retention Tax Credits be awarded annually to manufacturers, while expanding the pool of money available for these credits.

Conclusion

In the short term, lower tax rates and fewer businesses paying taxes appear to be beneficial. However, the short term is never the end of the story.

The new CAT rules pose a long-term threat to the manufacturing community. Future economic downturns and state revenue shortfalls – or the simple desire by policymakers to increase spending – will mean a search for new revenue. Shifting the CAT burden to larger Ohio businesses, many of which are manufacturers, means the entire manufacturing community will suffer from future CAT hikes. When that time comes, a significant policy fight will ensue – a direct consequence of narrowing the CAT base.



Press Releases

Manufacturers on Executive Orders to Impose Tariffs

February 1, 2025 8:35pm     

Washington, D.C. – National Association of Manufacturers President and CEO Jay Timmons released the following statement on the executive orders imposing significant tariffs on imports from Canada, Mexico and China.

“Manufacturers understand the need to deal with any sort of crisis that involves illicit drugs crossing our border, and we hope the three countries can come together quickly to confront this challenge.

“At the same time, protecting manufacturing gains that have come from our strong North American partnership is vital. The success of President Trump’s landmark trade agreement, the United States-Mexico-Canada Agreement, has strengthened North American supply chains and bolstered economic power across the region, boosting jobs, wages and investments here in the United States.

“Thanks to this agreement, one-third of critical U.S. manufacturing inputs now come from Canada or Mexico, rather than from competitors like China that often engage in unfair trade practices.

“However, with essential tax reforms left on the cutting room floor by the last Congress and the Biden administration, manufacturers are already facing mounting cost pressures. A 25% tariff on Canada and Mexico threatens to upend the very supply chains that have made U.S. manufacturing more competitive globally. The ripple effects will be severe, particularly for small and medium-sized manufacturers that lack the flexibility and capital to rapidly find alternative suppliers or absorb skyrocketing energy costs. These businesses—employing millions of American workers—will face significant disruptions. Ultimately, manufacturers will bear the brunt of these tariffs, undermining our ability to sell our products at a competitive price and putting American jobs at risk.

“We stand ready to work with President Trump to ensure a trade strategy that reinforces American strength—holding bad actors accountable while preserving the gains of the successful USMCA and advancing policies that sustain manufacturing growth here at home.”

-NAM-

The National Association of Manufacturers is the largest manufacturing association in the United States, representing small and large manufacturers in every industrial sector and in all 50 states. Manufacturing employs nearly 13 million men and women, contributes \$2.93 trillion to the U.S. economy annually and accounts for 53% of private-sector research and development. The NAM is the powerful voice of the manufacturing community and the leading advocate

Wednesday, February 12, 2025

[Listen to the Article](#)

Controlling Board Grants JobsOhio Contract Extension

Following several deferrals last year, the [Controlling Board](#) finally granted JobsOhio its requested 15-year contract extension on Wednesday.

The extension of the state's privatized development arm contract means JobsOhio will further its lease of the state's liquor franchise profits through Feb. 1, 2053.

JobsOhio President and CEO J.P. Nauseef thanked the board for their continued support in a statement.

"The JobsOhio Team and Network Partners will continue to build upon our state's once-in-a-generation opportunities so more and more can realize their own version of the American Dream, right here in the Heart of it All," he said.

The proposal backed by the DeWine Administration went forward despite objections from [Sen. Catherine Ingram](#) (D-Cincinnati) and [Rep. Tristan Rader](#) (D-Lakewood), with the board's five other members voting in favor.

Replying to Ingram, Office of Budget & Management Assistant Director Christina Frass said the extension was urgent due to rising development costs and to provide more stability for long-term projects.

"The companies that JobsOhio work with need certainty, knowing that JobsOhio will be in existence and funded during the duration of those agreements," she said.

Frass continued that between 2011 and 2021, awarded projects brought \$14.6 billion in new payroll, 240,000 new jobs and 40,000 construction jobs to the state.

[Rep. Brian Stewart](#) (R-Ashville) added extending JobsOhio's shelf life would also hold awarded companies accountable for grant funding they received on condition of job and payroll growth.

"If a company got an award five years ago and they know it's a 30-year obligation, and they know JobsOhio is going to expire in 10 or 15 years, then they know, effectively, that they only go to wait out... and then they're essentially off the hook," he said.

While JobsOhio touted the benefits it brings to the state, Rader said the state is still lagging behind the growth seen in neighboring states like Michigan and Indiana.

The first-term representative countered most of the benefits the entity has claimed are "self-reported," and asked if the legislature should pursue policy that would create more specific guidelines for transparency.

"I'm questioning the efficacy, really, of this organization and how good of a deal is it really for Ohio when we're behind on growth as promised," Rader said.

The extension continues the excess profits share split between the General Revenue Fund (75%) and JobsOhio (25%).

According to an amendment attached to the petition, those profits will grow from \$367.1 million in Fiscal Year 2025 to a projected \$834 million in FY53. Frass said about \$90 million goes to the GRF annually.

The approval comes after [Gov. Mike DeWine](#) publicly expressed his support for the extension earlier this week. (See [Gongwer Ohio Report, February 10, 2025](#)) The Chamber of Commerce and Ohio Business Roundtable also pushed for the extension.

Not all statewide officer holders, however, were on board.

Last week, [Attorney General Dave Yost](#) requested OBM and Department of Commerce delay its request before the board.

Yost, not present during the board meeting, said he supported an extension of the contract but called for changed terms.

The day before the board meeting, he introduced a counter proposal that would have the nonprofit spend \$840 million over the remainder of its current agreement expiring in 2038.

Yost said in a [video](#) released by his office the proposal would "promote expansion of our workforce," by providing for investments in day care subsidies, incentives to return to work and job skills training.

It would be supported by companies both based in Ohio and those considering moving to the Buckeye state, he said.

"This proposal will strengthen Ohio's hand in the competitive national marketplace, support regular working folks and create even better outcomes," the gubernatorial candidate said.

Yost had also previously suggested JobsOhio make another one-time payment similar to the \$1.4 billion it made during the nonprofit's infancy in 2011.

Rader asked why another one-time payment would be bad.

Frass replied the initial payment was for JobsOhio to cover outstanding bonds issued by the state and "an additional amount that covered the expenses from the expenses."

Anduril Industries: Yost and DeWine both noted the state private development's arm in landing a defense contractor planned facility at Rickenbacker International Airport, projected to bring more than 4,000 jobs to the state over the next decade.

Anduril Industries' project also received further financial support with the board's approval of \$86 million going to the Pickaway County Port Authority to help in the construction of a water and sewer extension, utility extensions and roadwork.

It comes on top of a \$452.3 million estimated value tax credit approved by the [Tax Credit Authority](#) late last month – one of the largest tax incentives awarded by the state in recent history. (See [Gongwer Ohio Report, January 27, 2025](#))

The \$86 million was released from the All Ohio Future Fund, which was the subject of several other requests by DOD also approved by the board.

DOD Legislative Affairs Manager Tara Marolt said \$70 million of the funding will go to Anduril and the remaining \$16 million will go to an adjacent site."

Other spending from the fund approved by the board included \$116.2 million to eight projects and separate projects with the Zanesville

Muskingum County Port Authority (\$3.7 million) and Guernsey County Port Authority (\$1.5 million).

Lawmakers approved \$750 million for the fund in the current operating budget. ([HB 33](#) of 2023)

Stewart noted, however, only \$106 million has been spent so far and asked why there had been a holdup.

Marolt said the fund has received 46 proposals, totaling more than \$1 billion in requests. so far.

"There's certainly a need and there's definitely projects in the pipeline that I know our team is working towards, kind of bringing to fruition," she said.

Other items approved by the board include:

- Natural Resources: \$3.5 million to contract with the Ruhlin Company of Sharon Center for the rehabilitation of the Lowell Dam and Lock No. 3 on the Muskingum River in Lowell; \$2.5 million to contract with Westfield Electric Inc. to rehabilitate electrical utility infrastructure at the East Harbor State Park campground in Marblehead; \$1.3 million to contract with Heavy Highway Construction Company LLC to replace culverts at Shawnee State Forest, Shawnee State Park in Scioto County and at Tar Hollow State Park in Ross County.
- Department of Commerce also secured \$2.9 million to fund additional staff, software licenses and scanning equipment for its Division of Cannabis Control, which oversees non-medical and medical marijuana sales.
- Taxation: \$3.75 million to continue implementation of Project NextGen-Ohio Tax System, modernizing the state's tax administration system.
- Ohio State University: \$18.8 million for expenses related to deferred maintenance and the removal of asbestos containing materials in a tunnel near the McCracken Power Plant.
- Developmental Disabilities: \$5 million to pass through the federal Medicaid Administrative Claiming reimbursement to county boards of DD.
- Facilities Construction: \$4.7 million for three school district construction projects through the Classroom Facilities Assistance Program.
- Rehabilitation and Correction: \$1.4 million to contract with Grae-Con Construction Inc. of Steubenville to construct a fire systems upgrade

project at the Noble Correctional Institution.

[Back to top](#)



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State budget director: Ohio is in good economic shape headed into budget season

The Statehouse News Bureau | By [Jo Ingles](#)

Published January 14, 2025 at 7:26 PM EST



Ohio Budget Director Kimberly Murnieks speaks about the state's economy at the Ohio Chamber of Commerce

Ohio is in good shape going into the upcoming two-year budget, which will come out by the first week of February. That's according to Kimberly Murnieks, director of the Office of Budget and Management, who told leaders at the Ohio Chamber of Commerce that the state's bottom line is stronger than in recent years. And she said the state's rainy day fund is healthy too.

"It is the highest level that it has been and it would support any uncertainty that might arise," Murnieks said. "Right now [it] has more than \$3.8 billion that is available should any uncertainties arise and we also plan in a more short-term way. The state has a strong emergency purposes fund."

Murnieks said that emergency fund can be used for unplanned things like natural disasters like flooding that cannot be anticipated.

But Murnieks said the upcoming budget will not have as much in one-time federal funds, like COVID money.

“Those provided one-time resources that Ohio very planfully used for one-time investments. And so we are back to a normal budget situation where we have to balance our revenues, our tax revenues, mostly sales and income taxes, with the ongoing programs of state government,” Murnieks said.

Republican lawmakers have pushed for tax cuts for decades and are likely to do so again. Bills to eliminate or phase out the state income tax have been proposed in the last two legislative sessions.

Child tax credits, tax increases, full school funding: DeWine unveils \$61B budget proposal

Budget to be debated



Ohio Governor Mike DeWine talks to the media Thursday, Jan. 30, 2025 at Wright State University. The Governor was at the university to speak at the The Workforce Equation: Why child Care Matters for Ohio Businesses. MARSHALL GORBYSTAFF

LOCAL NEWS

By [Avery Kreemer](#)

Feb 3, 2025

Ohio Gov. Mike DeWine kicked off the state's biennial budget process Monday with a proposed 2026-2027 operating budget package that would cost the state \$61 billion, about \$25 billion less than the current two-year operating budget.

DeWine's proposal would, among other things:

- Give Ohio families a \$1,000 tax credit per child, funded by a \$1.50 cigarette tax increase;
- Increase sports gambling taxes from 20% to 40% and direct the new revenue into a fund for major and minor league teams to improve or fully replace their stadiums and for the state to offset sports costs for Ohio youth;
- Increase recreational cannabis sales tax from 10% to 20%;
- Further tie state funding of public universities to graduates' career placements;
- Continue Ohio's universal school choice voucher system and implement the state's third and final round of its state school funding formula.

The state's discretionary budget has long been expected to be meeker than the 2024-2025 operating budget, which was buoyed by billions in federal COVID-19 and pandemic recovery spending. Those offsets allowed lawmakers to create a \$700 million special projects fund, slash the state's income and business taxes, create a bigger-than-ever tax holiday, and expand the private school voucher system to nearly a billion dollars a year.

Inside Ohio Politics: 10 local lawmakers dealt powerful positions in Ohio legislature
 "We should look at this coming budget — this budget — as a budget that goes back to normal," DeWine told reporters at a Monday press conference. "We had a lot of federal dollars coming in, those federal dollars are not coming in anymore."

With federal funding added in, DeWine's proposal comes out to \$218 billion over the next two years.

Ohio's budgetary process is the first big project of every new Ohio General Assembly. The operating budget, sometimes known as the executive budget, is a gargantuan piece of legislation that includes tens of billions in funding for programs and a raft of legislative policies folded in. The process always starts with an initial proposal from the governor's administration before that proposal is vetted and amended by the Ohio House and Senate, in that order.

Children and K-12 education

DeWine said his proposed budget comes with “increased funding in the K-12 funding formula and school choice programs.”

His proposal asks for the final phase of the state’s so-called fair school funding plan, which has been fervently defended by public school advocates since it was first implemented to get the state’s public school funding less reliant on property taxes. The formula was designed to be implemented over three budgets.

However, slight tweaks were made in the governor’s proposal to reduce “funding guarantees” in the formula, thereby sending less money per student to districts that are losing enrollment.

“This plan includes a phase-in of the final two years of the General Assembly funding plan, and also allows us to phase out the funding of empty desks in schools,” DeWine said.

DeWine’s proposal also continues the state’s universal school choice voucher program, which was implemented in the previous budget and has seen a considerable usage uptick without a matching uptick in private school enrollment.

Ohio spent nearly \$1B on private school vouchers. Who did they benefit?

In terms of new policy, the governor touted a plan to increase health centers on school campuses. He also hopes to couple the state’s existing free eye exam for students program with a state guarantee that students from kindergarten through third grade receive the care they need. DeWine estimated this could affect 33,000 students in Ohio and improve learning outcomes.

“School-aged children in the state of Ohio are required to receive vision screenings, but shockingly, only 26% of the students who need additional vision care, whether that be a comprehensive eye exam or glasses, actually receive it, leaving tens of thousands of our Ohio children behind,” DeWine said. “That is wrong. This budget will start to correct that.”

DeWine, citing the fact that drivers ed has become cost-prohibitive for many Ohio families, included in his proposal a mandate for public schools to begin teaching drivers ed. He said doing so would enhance roadway safety, as many Ohioans wait until they’re a legal adult — and not required to take drivers ed — to get their license.

“Let me say it very clearly: It’s now time to put drivers training back in our high schools. This needs to be done. Schools are the logical and most accessible places for teens to learn how to drive,” DeWine said. “Our budget helps schools partner with independent

driving training academies, or allows them to start their own driver training program to make this training affordable for families and bring it directly to the students.”

The budget also creates a \$34 million grant program for school districts to implement recommendations of the state’s School Bus Safety Working Group, a commission the governor created following a fatal 2023 Clark County school bus crash.

Additionally, DeWine called for the creation of an income-based child tax credit, which would provide \$1,000 in tax refunds per year per child up to age 6, which the governor said could help Ohio families pay for their increasingly expensive rents, mortgages or childcare.

DeWine’s plan suggests paying for the credits by raising Ohio’s cigarette tax from its current \$1.60 per pack to \$3.10.

Higher education

DeWine’s budget also works to create a pipeline to incentivize Ohio students to attend Ohio universities by guaranteeing main campus admission to every state college in Ohio for students who finish in the top 5% of their high school graduating class.

On a similar note, his budget would set up a “direct admission initiative,” which DeWine said would “let high school students know, based on simple criteria such as grade point average, SAT, and ACT scores, the list of Ohio colleges and universities where they will be admitted.”

DeWine said such a program would eliminate the need to apply to various colleges and wait for acceptance. “All they will need to do is simply register and enroll in the college that they choose,” he said.

DeWine’s budget also adds post-grad employment rates to the state’s public university funding formula. The state spends about \$2 billion on universities per year; about \$100 million of that would be subject to the gainful employment rate of universities’ graduates under DeWine’s proposal.

“(My budget would make) Ohio the first state, we believe, in the nation to tie a significant portion of funding for colleges and universities to whether their graduates are, in fact, getting jobs,” DeWine said.

Other policies

DeWine also baked in a proposed “permanent solution” to Ohio’s recurring headache caused by professional sports teams asking the state to subsidize the renovation or complete replacement of professional facilities, as the Cleveland Browns are currently negotiating.

DeWine's proposed fix is to create the "sports facilities construction and sports education fund" in the state's coffers. DeWine's plan is to raise taxes on sports betting companies from 20% to 40% and direct the newly generated revenue to this fund, which would be administered by an appointed commission.

The revenue could be used for major and minor league facility upgrades, as well as to offset some costs for youth sports for some Ohio children.

DeWine estimates the extra tax would produce \$130 million to \$180 million per year.

"These sports gaming (companies) are extremely aggressive. Maybe it's just because I watch sports, but they're in your face all the time, they are getting Ohioans to lose massive amounts of money every year, and it seems to be only just and fair that some of the stadiums are paid for by them," said DeWine.

Additionally, DeWine said his proposal would raise taxes on recreational cannabis sales from 10% to 20%. [According to state documents](#), the resulting revenue would be routed toward peace officer training, drug enforcement and safe driver initiatives under the proposal.

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Wednesday, January 29, 2025

[Listen to the Article](#)

Latest Tax Cut Plan Gets First Hearing In Senate

It didn't take long for Republicans to renew the debate over income tax cuts in the 136th General Assembly.

During one of the first committee hearings of the new session, the [Senate Ways & Means](#) Committee fielded sponsor testimony on a measure ([SB 3](#)) to lower the state's personal income tax to an overall 2.75% flat rate.

Chief sponsors [Sen. Steve Huffman](#) (R-Tipp City) and [Sen. George Lang](#) (R-West Chester Twp.) said the bill would improve the state's economy and competitiveness in attracting business development.

Democrats on the committee questioned the proposal, with [Sen. Beth Liston](#) (D-Dublin) noting it would only impact Ohio taxpayers in the higher bracket.

[President Rob McColley](#) (R-Napoleon) said after session Wednesday the Senate "definitely" wants to pass the flat tax plan if it is something the state can afford.

"This is just a natural progression of the tax changes we've made over really the past decade-plus, where we continue to eliminate brackets with the hope of eventually get down to a flat tax," he said. "If we can do it, there's a strong desire to do it within our caucus."

Lang's sponsor testimony tied Ohio's declining population over the years and resulting erosion of the congressional delegation to the creation of the state income tax in 1971, which he said served to "drive businesses away."

"In that year, Ohio had 26 electoral votes. Today? We sit at just 17 and have lost congressional representation in every census since," he said.

"According to a recent report from the New York Post, the 15 states who have been the most tax-friendly since 2000 have experienced a 2.2% growth in population, while the 15 highest-taxed states have experienced a 1% loss."

The sponsor further argued that tax reductions correlate to increased revenues for governments.

"This is evidenced by the fact that since the federal income tax was introduced in 1913, every time the federal government has raised tax rates, it has seen a decrease in revenue," Lang said. "And every time it has lowered taxes, it has seen a rise in revenue."

Huffman said the bill "will make Ohio an important economic model for the Midwest and provide many new opportunities for Ohio families and businesses to succeed and thrive."

"In addition to providing much-needed relief to taxpayers, a flat tax system will expand our economy by encouraging out-of-state families and businesses to move to our great state," he added. "Ohio is surrounded by states that have previously implemented a flat tax – Kentucky (4.00%), Indiana (3.05%), Illinois (4.95%), and Michigan (4.25%). But our proposal of 2.75% would be the lowest in the region."

[Sen. Bill DeMora](#) (D-Columbus) alluded to those rates and noted Ohio's is already lower. He also questioned the correlation between lowering taxes and population given the state has done the former for several years while other states continue to grow faster.

Huffman responded that since policymakers cannot change the weather to that of other higher-growth states, cutting taxes is the next best option.

While a Legislative Service Commission Fiscal Note for the measure is not yet available, Chair [Sen. Louis Blessing](#) (R-Colerain Twp.) said he ran the numbers for a similar proposal last session and the revenue impact to the state was a loss of about \$1.6 billion a year.

He remarked that the state is "going to have to look outside the box for revenues" to continue the Fair School Funding Plan. He also questioned comparisons to other states such as Texas and Alaska that have high severance taxes.

Lang said LSC analysts only do "static" versus "dynamic" modeling for tax cuts, meaning they don't account for resulting boosts in economic activity.

Liston asked several questions regarding the impact of the reduction, which she said would only benefit higher income earners based on the current structure of the PIT. She calculated that a taxpayer making \$180,000 a year would only see an additional \$600 in reductions.

"The trade-off is we can't fund the Fair School Funding Plan" and local governments that get 1.7% of the state PIT could be forced to cover those losses with higher levies, Liston said. "It's just a shift. We're giving this tiny amount of money to the highest bracket" while 80% of taxpayers would "float the bill."

The sponsors reiterated their argument that the cuts would lift the state's overall economy. Lang added that additional tax relief for high earners might make them more likely to support a school levy.

Sen. Tim Schaffer (R-Lancaster) said an additional \$600 in the pocket of a taxpayer equates to 30 pizzas for a restaurant owner.

[Back to top](#)



Wednesday, January 22, 2025

[Listen to the Article](#)

Senate Chair Plans Property Tax Debate Ahead Of Budget

The chair of the [Senate Ways & Means](#) Committee said he plans to avoid any large tax policy changes that could structurally throw off the budget.

Instead, [Sen. Louis Blessing](#) (R-Cincinnati) is looking to focus on policies that bring in revenues, go after tax expenditures and evaluate budget-neutral proposals that could be potentially teed up for the two-year spending plan.

"The committee is not going to be passing tons of things that are really better suited for the budget," Blessing said in an interview. "That said, I do endeavor to have a lot of hearings in a lot of areas."

As in past General Assemblies, one of the first items of business will likely be a tax conformity bill ([SB 9](#)) that aligns Ohio and federal tax codes. (See [Gongwer Ohio Report, March 1, 2023](#))

"I don't think that to be a big fuss, although to be fair I don't have all the details of it," the chair said.

Blessing is planning on several hearings over a reintroduced tax plan he and [Sen. Kent Smith](#) (D-Euclid) offered late last year ([SB 342](#) of 2024).

"It's revenue-neutral and distributes in a way that I think would be broadly popular and beneficial," he said.

The original plan required businesses to have at least one employee to participate in the business income deduction and established a severance tax similar to one pitched by Gov. John Kasich in order to pay for a property tax circuit breaker, publicly funded childcare up to 200% FPL, universal free breakfast and lunch, and affordable housing. It would also support a boost to the Local Government Fund and the Public Library Fund, he said.

"My goal is to show where you can pull money from, what makes sense and see where it goes," he said.

While the plan, which has yet to be reintroduced, includes a property tax circuit breaker, Blessing expects [Sen. Hearcel Craig](#) (D-Columbus) to reintroduce his own circuit breaker plan ([SB 136](#) of 2023).

"We'll have some hearings on that, teeing it up for the budget," Blessing said.

He also expects to have hearings on a bill he is currently drafting for a homestead exemption he described as "a little more flexible and scalable."

"That's where we're going in a nutshell, but generally speaking, if someone's coming in with a sales tax exemption or another tax deduction – and a lot of those died at the end of the last GA – I might give hearings, but I am going to be objectively opposed to passing these things," he said.

"Our tax expenditure report should be coming out soon," he continued. "The last one was getting into the high \$11 billion, and I have to think it'll be north of \$13 billion. It's offensive to say, 'Well, we're going to continue to hand out tax expenditures,' because at some point, fiscal reality needs to come into focus."

Blessing anticipates any plans reviewed by the committee would involve numerous hours of testimony, particularly when it comes to homestead exemptions, income taxes and severance taxes.

"This is my way of being able to get some hearings on some of these matters and bring them out to the forefront," he said. "So the question is how do I triage this so it's teed up correctly?"

Blessing said he does not anticipate much overlap with the new [Senate Housing Committee](#), chaired by [Sen. Michele Reynolds](#) (R-Canal Winchester).

"The short-term solution is offering property tax relief which would presumably go to Ways & Means, and the long-term solution is building more housing and those proposals would go to Housing," he said. "But any spending of many for that will go through the budget and through Finance."

[Back to top](#)



Friday, February 7, 2025

▶ Resume

■ Stop

ODJFS Proposes Employer Fee To Pay For Unemployment System Upgrade

The Department of Job & Family Services wants the state's employers to cover the cost of upgrading the unemployment benefits IT system.

And while the Ohio Chamber of Commerce and National Federation of Independent Business Ohio agree improvements are needed, the business groups also say the state should simultaneously address Unemployment Trust Fund solvency issues.

ODJFS Director [Matt Damschroder](#) told the [House Finance Committee](#) a modernization project kicked off last month to modernize the system that is over 20 years old. The effort is expected to be completed by the end of 2026. ([Video](#); [Testimony](#))

"The new system will be a cloud-based technology with a streamlined application process, enhanced security measures, fraud tools and advanced data analytics," he said. "The customer experience for both employers and claimants will be a big improvement over the current mainframe system."

However, funding is a challenge as the federal government does not provide sufficient resources for states to run unemployment programs or build new IT systems when needed, he said.

"That is why Gov. DeWine's budget includes a technology and customer service assessment on contributory employers of up to 0.15% of the taxable wage base per year for each covered employee," he said. "This equates to a maximum of \$13.50 a year, paid in conjunction with employers' unemployment taxes, for each employee who earns at least \$9,000."

"We do not make this ask lightly; there is a dire need to upgrade our current mainframe system," he added.

According to the [Blue Book](#), the Unemployment Compensation Administration Fund would increase by 296.3% in Fiscal Year 2026 to \$45.2 million. It would then drop 18.8% to \$36.7 million in FY27.

"The increase is due to added support to replace the outdated unemployment IT system," it notes.

More than 25 other states and territories have assessments related to administrative support and/or technology modernization for unemployment, Damschroder said.

Without the assessment, ODJFS would not be able to pay for the new system, and if it is not replaced, the agency would need additional funds for the rising expense of maintaining an aging system, he said.

[Rep. Beryl Brown Piccolantonio](#) (D-Gahanna) asked about the risks of not upgrading the system.

Damschroder said issues became clear during the pandemic because the system could not be quickly modified to address changes in the economy, laws or rules.

"The other challenge is the mainframe system is not at all scalable," he said. "Moving to a cloud-based environment means more people are accessing it."

Maintaining the current mainframe is also costing more each year, "and unemployment will bear the sole cost of that," Damschroder said.

"The other cost of not changing the system is if there are law changes, or rule changes, we'd have to have conversations about, 'It's great that you passed that law, but we can't implement it for two to three years because of the cost of implementing those changes,'" he added.

NFIB Ohio State Director Chris Ferruso said there is recognition among his members that an upgrade is needed, particularly given their experiences during the pandemic.

"I haven't had an opportunity yet to go out and assess what's in the field, but I'd say anytime there's a new assessment, it's safe to say our members are concerned," he said. "I think we're going to have conversations with the legislature and the administration about if this is

the best route to go, and if it is, we want it to go with modernizing benefits in Ohio."

Ferruso said it is so far unclear when the proposed assessment would become effective and how long it would remain in place.

Chamber President and CEO Steve Stivers said he is also working with ODJFS and the DeWine Administration to understand the costs involved and how best to fund the improvement.

"Additionally, we believe that as the state upgrades our unemployment system, we also need to address the long-neglected issue of solvency for the unemployment fund," he said. "Both matters can and should be dealt with simultaneously."

Rep. Daniel Troy (D-Willowick) also questioned whether lawmakers need to simultaneously look at changes affecting the unemployment fund. "We were in a real deep hole and took federal money" that had to be repaid, he said, noting the state used other federal funds for that purpose.

Lawmakers in 2021 allocated a share of the state's American Rescue Plan Act dollars to clear the \$1.5 billion in unemployment compensation-related debt owed to the federal government. (See [Gongwer Ohio Report, June 25, 2021](#))

Damschroder said the trust fund balance is currently \$1.84 billion and ranks 43rd among states in terms of the U.S. Department of Labor's solvency standards.

"The target minimum would have our fund be at \$3.96 billion," he said. "There's work to do on that front and we're happy to have conversations around solutions to increase the solvency of the fund in the long term."

House Speaker Matt Huffman (R-Lima) recently agreed, saying, "We have a problem with the unemployment compensation fund; every 10 years it goes bankrupt."

The new Public Insurance & Pensions Committee, chaired by Rep. Bob Peterson (R-Sabina), is set to review legislative proposals dealing with the fund, but has not yet been assigned any bills.

Sen. George Lang (R-West Chester) and Sen. Mark Romanchuk (R-Mansfield) attempted to overhaul the unemployment compensation system last General Assembly via a plan (SB 116 of 2023) backed by business groups. (See [Gongwer Ohio Report, May 17, 2023](#))

The plan stalled in the Senate Insurance Committee and never made it to the floor.

[Back to top](#)



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Monday, January 27, 2025

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Tax Credit Authority Approves Defense Contractor Incentive

Dubbed the "largest job creation and new payroll generation project" in state history by [Gov. Mike DeWine](#), a defense technology company received approval of an estimated \$452.3 million [tax credit](#) Monday.

Anduril Industries' 500-acre planned facility in Pickaway County, just outside Rickenbacker International Airport, was awarded a 2.594%, 30-year tax credit beginning Jan. 1, 2026, by the [Tax Credit Authority](#).

Anduril plans to invest \$900 million of its own dollars into the project that the governor's office said will create \$2 billion in economic output and generate \$1 billion in state labor income and \$800 million in projected tax revenue.

DeWine and Department of Development [Director Lydia Mihalik](#) both expressed support for the project, which they said will provide dividends for years to come.

"These investments are propelling Ohio into a future defined by innovation, cutting-edge technology, and unmatched opportunity," the governor said in a statement. "Anduril is not only revolutionizing America's defense industry, but it's joining the wave of coastal companies expanding to Ohio and bringing thousands of jobs and millions of dollars in capital investment to the Heart of it All."

In exchange for the credit, the California-based autonomous weapons developer is required to maintain operations on-site for 33 years and bring more than 4,000 new production and services jobs by 2035. (See [Gongwer Ohio Report, January 16, 2025](#))

More than \$530.3 million in new payroll is also expected to be created from the project, with the start of construction targeted for July 2026.

JobsOhio project manager Grant Whipple told the authority that Anduril had considered building its new "Arsenal 1" campus in all lower 48 states.

Some of the states, he said, offered free land or considered creating special legislation to boost the project.

TCA Acting Chair and DOD Chief Investment Officer Susan Restrepo said the project is "very exciting" and would be a driver of economic growth not just in Central Ohio, but statewide.

"This is more jobs than Intel committed to," she noted.

When state officials announced the project earlier this month, the governor's office indicated that state funding would be pursued through several avenues.

Besides the state tax credit, the office said Pickaway County will ask for \$70 million from the All Ohio Future Fund during a future [Controlling Board](#) meeting.

JobsOhio has made additional plans to provide the project with a grant and Talent Acquisition Services to assist with workforce development.

JobsOhio spokesman Matt Englehart said in an interview that specifics on its grant will be released when a final agreement is reached.

Receipt of the full JCTC is contingent on Anduril delivering on the number of jobs it says it will create and the new payroll tax it projects will be generated.

Otherwise, it could meet the same fate as dozens of other companies that had their previously awarded tax credits either canceled or altered during TCA's Monday meeting.

In total, three companies had their credit canceled for not meeting project commitments by the Metric Evaluation Date:

- Cerkl Incorporated (estimated tax value of \$1.26 million). (See [Gongwer Ohio Report, January 31, 2022](#))
- Creative Foam Corporation (\$300,000). (See [Gongwer Ohio Report, October 4, 2021](#))
- Coterie Applications, Inc. (\$55,000). (See [Gongwer Ohio Report, October 25, 2021](#))

The authority also approved a 1.61%, nine-year [tax credit](#) for BJ Wholesale Club Inc. and its project in the village of Commercial Point in Pickaway County.

The warehouse retailer will use the \$1.9 million estimated value tax credit to develop a logistics and distribution facility to service warehouses in the Midwest and east coast.

A total of 250 new jobs and north of \$13 million in new annual payroll is expected to be created by the end of 2028.

Other Business: The TCA also gave the green light for \$100 million in tax credits for nine mixed-use development projects that are anticipated to bring in \$1.1 billion in new payroll and \$2 billion in investments to the state. ([Project List](#))

The funding marked the fourth round of the Transformational Mixed-Use Development Program and will aid the construction or redevelopment of more than 7.4 million square feet of housing, retail, dining, office, lodging and entertainment space statewide, according to DOD.

The Capitol Square Renaissance project is the largest recipient (\$33 million) and will use the funding to create a mixed-use district at a 9.8-acre site between Broad and Third Streets.

The project's total development cost is \$573.5 million.

The area will include improved streetscapes, green spaces and three new public parks, according to DOD. More than 2,600 construction jobs and nearly 2,000 permanent jobs are expected to be created.

Other projects that received tax credits are:

- Cuyahoga Riverfront Development Phase 1 (Cuyahoga County): \$9.1 million.
- The Estrella (Franklin County): \$4.5 million.
- The Galaxy at Polaris (Delaware County): \$7.4 million.
- West End Mixed Use Development Phase 2 (Hamilton County): \$26 million.
- Heath Central Park Phase 2 (Licking County): \$5.8 million.
- Hocking Hills Complex (Hocking County): \$5.2 million.
- Liberty Center Apartments (Butler County): \$7.6 million.
- Mahoning County Bank (Mahoning County): \$1.4 million.

[Back to top](#)



Friday, February 14, 2025

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Senate K-12 Chair Eyes School Funding Overhaul

As legislators consider tweaks to the state's school finance system in the next operating budget, one key policymaker is looking to spur bigger changes down the road.

Sen. Andy Brenner (R-Delaware), chair of the [Senate Education Committee](#), recently introduced a placeholder bill ([SB 93](#)) stating the intent of the legislature to eliminate school districts' ability to levy local taxes and instead fund schools with a statewide property tax and increased state sales tax.

The lawmaker said in an interview he has been crafting a substitute version of the measure for about six months – work he expects to continue for about a month, after which he will request a first hearing in [Senate Finance Committee](#).

Brenner said he is not counting on the legislation ultimately being included in the state operating budget ([HB 96](#)) currently under consideration in the House.

"I am anticipating having a major discussion of it and hopefully getting people to start realizing that having the money follow the student and putting checks and balances on local school districts to try to control their own costs is important," he said.

Beyond changes to the funding sources for K-12 education in the state, SB93 also expresses the goal of eliminating the state's private school voucher programs following the creation of a finance system that directs state per-pupil funding to the public or chartered nonpublic school each student attends.

A school funding system based on the guidelines laid out for SB93 would be the second major shift in the state's K-12 finance landscape this decade.

Lawmakers began phasing in a system commonly known as Cupp-Patterson two budget cycles ago and must decide whether to complete an anticipated six-year phase in via HB96.

[Gov. Mike DeWine](#) proposed completing that effort in his executive budget proposal while beginning to reduce guarantees that ensure certain funding floors for districts throughout the state. (See [Gongwer Ohio Report, February 3, 2025](#))

That recommendation has received a mixed reaction in the House, where lawmakers have questioned whether they should push back on guarantee reductions, use updated funding formula cost inputs or move on from Cupp-Patterson altogether. (See [Gongwer Ohio Report, February 6, 2025](#))

House [Speaker Matt Huffman](#) (R-Lima) has repeatedly reiterated his stance that the legislature is not bound to follow through with another phase of Cupp-Patterson based on the direction of prior General Assemblies. (See [Gongwer Ohio Report, January 15, 2025](#))

Senate [President Rob McColley](#) (R-Napoleon), meanwhile, said this week he is not ready to weigh in on whether his chamber's majority caucus will support a third phase of Cupp-Patterson or suggest a new direction.

"Obviously, the governor has his plan that he put out. I would suspect that the House is going to come up with a different plan," he said. "I'd like to be able to digest the difference between those two before coming up with a final opinion on where we need to go."

Brenner called Cupp-Patterson "flawed from the get-go," in part because funding for districts is not tied to student outcomes.

"There's no accountability at the local school level to try to...make sure that the outcomes of the students are that they're learning," he said. "We see this right now by hundreds of thousands of kids failing state standardized tests year after year after year."

Unlike Cupp-Patterson, which was developed over multiple years with the assistance of superintendents, treasurers and other school funding experts, Brenner said he expects lawmakers can "take the lead" on the funding plan suggested by SB93 without such a working group.

Brenner said he does expect candidates running for governor will want to "have a conversation" about the direction they want to take K-12

finance in, if elected, which could influence the future of the bill or its successor.

"If we want to be the No. 1 school system in the United States and world, we've got to do some radical changes to the way that we're handling things right now," he said.

Brenner said he also does not believe the legislature can address long-term property tax relief – an issue championed by many lawmakers on both sides of the aisle – without revisiting school finance.

"The school funding piece really is what this is about," he said.

[Back to top](#)



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Tax Updates

A. Selected Proposed Ohio Legislation

Regards taxpayer deductions for depreciation, enhancing expensing – H.B. 69

Introduced on February 10, 2025, H.B. 69 proposes several amendments aimed primarily at simplifying tax deductions and enhancing efficiency for taxpayers/businesses in Ohio. It allows taxpayers to deduct the full bonus depreciation and enhanced expensing allowances in a single year, aligning state tax deductions with federal deductions. The bill also clarifies definitions related to qualifying investors and entities, ensuring consistent treatment with federal tax laws. The bill was referred to the Ways and Means Committee on February 12, 2025.

Regards a property tax freeze for certain owner-occupied homes – S.B. 81

Introduced on February 4, 2025, S.B. 81 proposes a reduction of real property taxes on a homestead owned and occupied by a person sixty-five years of age or older and whose total income does not exceed seventy thousand dollars. The bill was referred to the Ways and Means Committee on February 12, 2025.

Regards total property tax exemption for homestead of totally disabled veterans and their surviving spouses – S.B. 92

Introduced on February 10, 2025, S.B. 92 proposes to authorize a total property tax exemption for the homesteads of totally disabled veterans and their surviving spouses. The bill was referred to the Ways and Means Committee on February 12, 2025.

Regards a non-refundable tax credit for handgun training and firearms storage – S.B. 96

Introduced on February 10, 2025, S.B. 96 proposes a nonrefundable income tax credit for the cost of handgun training and firearms storage and locking devices. The bill was referred to the Ways and Means Committee on February 12, 2025.

Regards a state income tax deduction for overtime wages – H.B. 39

Introduced on February 3, 2025, H.B. 39 proposes a state income tax deduction for overtime wages for seven years after the year in which the amended is effective. The bill was referred to the Ways and Means Committee on February 5, 2025.



Regards modification of the amount of the homestead exemptions and owner-occupancy property tax credit – H.B. 61.

Introduced on February 5, 2025, H.B. 61 proposes to replace the standard homestead exemption with a flat property tax credit and replaces the enhanced homestead exemptions for disabled veterans and surviving spouses of emergency responders with a flat property tax credit of \$1500. The bill was referred to the Ways and Means Committee on February 12, 2025.

Regards a phase-down of state income tax to a flat rate of 2.75% over two years. S.B. 3

Introduced on January 22, 2025, S.B. 3 proposes to phase-down the state income tax applicable to nonbusiness income to a flat rate of 2.75% over two years. For the 2025 taxable year, the bill reduces the rate of the top bracket from 3.5% to 3.125%. The bill was referred to the Ways and Means Committee on January 29, 2025.

Regards a tax on certain high-volume landlords – S.B. 28

Introduced on January 22, 2025, S.B. 28 proposes to implement a tax on taxpayer/landlords owning more than fifty “taxable houses” in one county. Taxable houses are single-family, two-family, or three-family dwellings. For purposes of funding S.B. 28, a levy is proposed entitled a “housing market impact tax” on each person owning fifty or more taxable houses in a county. The “housing market impact tax” is equal to two thousand dollars for each taxable house owned on the first day of each tax period. The bill was referred to the Ways and Means Committee on January 29, 2025.

Establishes a new school financing system that provides a statewide per-pupil funding payment to public and chartered nonpublic schools based on a single statewide property tax and increased state sales tax – S.B. 93

Introduced on February 10, 2025, S.B. 93 proposes to establish a new public and private school financing system which would eliminate each school district’s ability to levy property and income taxes; establish a single statewide property tax and increase state sales tax; eliminate state scholarship programs for primary and secondary students; and establish a school financing system that calculates a statewide amount of per-pupil funding that will be paid to the public or private school in which a student’s family chooses to enroll that student. The bill was referred to the finance committee on February 12, 2025.

B. Update to Previously Tracked Legislation

Revise Law Governing Property Taxes and County Auditors – H.B. 496

H.B. 496 modifies the information a county auditor must certify in the process of submitting a property tax levy to voters. H.B. 496 also includes several administrative modifications to the



process for challenging property taxes with the county board of revision (BOR). This bill is similar to and captures a portion of H.B. 33 that was removed before it went to a general vote. H.B. 496 was introduced on April 22, 2024, and referred to the Ways and Means Committee April 30, 2024. It passed the House on June 26, 2024 and was introduced to the Senate on July 2, 2024. It was referred to the Senate Ways and Means Committee on October 12, 2024. The Senate and the House passed H.B. 496 on December 18, 2024. On January 8, 2025 the Governor signed and the bill is effective as of April 9, 2025. A few key provisions of the legislation include: 1) Removing the requirement that county auditors must notify the county treasurer of any staff changes in the auditors office; 2) Requires property tax refunds to be refunded based on current tax rates and not rates effective when the tax was levied; and 3) Revises the law on injured and destroyed manufacturer homes by providing county auditors authority to complete the form for injured and destroyed manufactured homes on behalf of a property owner.

Requiring employers to provide employee pay statements – H.B. 106

H.B. 106 enacts section 4113.14 of the ORC to implement the Pay Stub Protection Act which requires employers to provide a written or electronic statement or access to a statement of the employee's earning and deductions for each pay period on the employer's regular paydays. If document or access is not provided, employee is to request such access or statement from employer. If employer fails to provide within 10 days of receiving employee notice, the employee may submit a report of the violation to the Ohio Director of Commerce. On January 8, 2025, the Governor signed and the bill is effective as of April 9, 2025.

C. Judicial Actions

Krešević v. Chittok, Case No. CV-2023-01-0031, pending in the Summit County Court of Common Pleas, has been reactivated, with a pretrial hearing scheduled June 4, 2024. Another pretrial hearing was scheduled for December 10, 2024. *Krešević* involves a medical assistant who worked in, and was subject to the municipal withholding taxes of the City of Akron was fired from her position in 2020. She successfully sued her former employer in a wrongful termination suit. However, the City of Akron withheld municipal income taxes from the settlement fund. The question raised by the plaintiff is whether the City of Akron is entitled to withhold taxes on the settlement under Section 29. More specifically, it asks whether Section 29 entitles a municipality to withhold from the settlement in a wrongful termination case.

Rover Pipeline LLC c/o Energy Transfer L.P. v. Tax Commissioner of Ohio, et al. BTA Case No. 2020-1540, Appeal to the Ohio Supreme Court, Case No. 2024-0484. *Rover* concerns a natural gas pipeline spanning across Appalachia, through Ohio and into Michigan. The case involves the proper valuation of the Ohio portion of Rover's pipeline as to Ohio's public utility personal property tax. *Rover* is appealing the decision by the Ohio Board of Tax Appeals in that the valuation method and calculation was incorrect. On May 2, 2024, The Ohio Supreme Court has referred this matter to mediation and suspended all deadlines at this time. On August 6, 2024, The



Ohio Supreme Court returned the case to the regular docket. Appellant’s merit brief was filed on October 7, 2024. On November 5, 2024, the Court issued a stipulation to extend time for the Appellee to file merit brief to November 26, 2024. A reply brief was filed on December 16, 2024 and a Motion for the Supreme Court to hear oral arguments. Oral arguments were granted on January 9, 2025, and oral arguments were scheduled for June 4, 2025.

Appeal from the Board of Tax Appeals:

Aramark Corp., v. Harris, Case No. 2023-1540, Ohio Supreme Court. On December 5, 2023, Aramark Corporation appealed the November 6, 2023, Decision of the Board of Tax Appeals (“BTA”) (B.T.A. No. 2019-2975, 2023 WL 7431918 (Nov. 6, 2023)). In it, the BTA applied the *Stingray Pressure Pumping, LLC*¹ review standard and determined that Aramark Corporation (“Aramark”) could not exclude certain taxable gross receipts under the agency exception to the Commercial Activity Tax (“CAT”) because it failed to demonstrate that transactions arose from an agency relationship between Aramark and its clients and were not simple business transactions. The matter was fully briefed as of April 22, 2024, and is pending decision. On October 9, 2024, the Court scheduled oral arguments to be held on February 19, 2025.

D. Administrative Actions

Ohio Administrative Code 5703-29-16: Clarification of the exclusion for qualifying distribution center receipts for purposes of the Commercial Activity Tax (CAT). Final and Effective November 22, 2024.

The tax commissioner provided additional guidance as to the conditions which must be met (along with conditions specified in Section 5751.40 of the ORC) to be certified as a “qualified distribution center, a warehouse, a facility similar to a warehouse, or a refining facility.” Abbreviated version: 1) The operator of the warehouse, a facility similar to a warehouse, or the refining facility and members of the operator’s consolidated elected taxpayer group, had at least five hundred million dollars in cumulative costs from qualified property delivered to a distribution center by its suppliers during the qualifying period; and 2) The operator of such warehouse, a facility similar to a warehouse, or a refining facility had more than fifty per cent of the cost of the qualified property shipped to a situs outside Ohio under the provisions ORC 5751.0333 during the qualifying period.

¹ *Stingray Pressure Pumping, LLC v. Harris*, Slip Op. No. 2023-Ohio-2598 (Aug. 2, 2023).

State of Ohio Tax Receipt Profile February 18, 2025

Listed below are state of Ohio tax receipt-related national rankings. Also provided are recent historical tax receipt trends and tax receipt growth estimates for the newly proposed FY 2026-2027 state operating budget. Sources for these rankings are mainline organizations and publications, including the Tax Foundation and *U.S. News and World Report*.

1. **Tax Foundation: 2025 State Tax Competitiveness Index. Ohio Ranks 35th Nationally.** The index includes 150 variables in the following five tax categories: corporate, individual, sales and excise, property and wealth taxes and unemployment insurance (UI). With the higher the ranking the lower the tax burden, Ohio ranked 35th overall with individual tax rankings as follows:

Ohio Tax Rankings:

- Corporate: 35th
- Individual: 25th
- Sales and Excise: 43rd
- Property and Wealth (Real, Personal, Net Worth & Asset Transfers): 6th
- UI: 14th

2. **Tax Foundation: Ohio and the National Tax Scene:**

- In FY 2022, Ohio's per capita state tax collections totaled \$3,176. This compares to the U.S. average of \$4,374, which means that Ohio was 27% below the national average and ranking it 42nd nationally.
- In FY 2024, Ohio ranked 21st highest in combined state and local sales taxes with a combined rate of 7.24%. The state share was 5.75% and ranked 27th nationally; however, when the combined state and local sales tax are compared nationally, Ohio ranked 21st.
- Ohio joins just three other states – Nevada, Texas and Washington – in eliminating its corporate income tax and replacing it with a gross receipts tax.
- Nationally, the state and local tax picture is as follows (FY 2020):
 - Property Tax: 32.2%
 - General Sales and Gross Receipts Taxes: 23.8%
 - Individual Income Tax: 22.8%
 - Other Taxes: 17.9%
 - Corporate Income Tax: 3.3%

Within this picture, it is important to note that while Ohio joins 28 other states in having a graduated state income tax (albeit it one that has been made less graduated in recent years), there are seven states with no state income tax and 14 state with a flat income tax rate.

3. **State Policy Reports: Index of Economic Momentum.** This index rates states based on their performance on three key measurers of economic vitality: personal income growth, employment growth and population growth. In September 2024, Ohio's overall ranking was -0.41, 31st nationally.

4. **Unpacking this aggregate number reveals the following:**

- Change in Personal Income, 2023.2 to 2024.2: Both Ohio and the U.S. were +5.9%.
- Employment Change, August 2023 to August 2024: The U.S. was +1.5% and Ohio was +0.6%.
- Change in State Population, July 1, 2022 to July 1, 2023: The U.S. was +0.5% and Ohio was +0.2%.
- State Unemployment Rates, August 2024: The U.S. was 4.2% and Ohio was 4.5%.

5. **U.S. News and World Report: 2024 Best States Ranking: Ohio Ranks 36th Nationally and 39th for its Economy:**

- Ohio's Economy's 39th ranking includes within it the following three rankings:
 - Business Environment: 28th
 - Growth: 37th
 - Employment: 39th

6. **Ohio's Recent Tax Receipt Growth History:**

- **Recent Ohio Tax Receipt Trends: Tax Revenues Grow by Less Than Inflation Rate**
 - From FY 2000 to FY 2024 state tax revenues rose from \$15.617 billion to \$27.944 billion, an increase of 78.9%. During this same period, the consumer price index (CPI) grew by 82.7%.
 - From FY 2015 to FY 2024, state tax revenues rose from \$21.405 billion to \$27.944, an increase of 30.05%. During this same period, the consumer price index grew by 38.45%.

Interestingly, during the FY 2000-2024 period, Ohio's personal income tax collections went from being the largest source of General Revenue Fund (GRF) taxes to the second largest source in FY 2024. This fiscal and related policy shift related to multiple (5 since 2005) income tax rate reductions and one sales tax increase (from 4% to 5.75% in 2013). These changes can be seen in the numbers:

- **FY 2000:**
 - Personal Income Tax: \$7.23 Billion
 - Sales Tax (Auto and Non-Auto): \$5.913 Billion
- **FY 2024:**
 - Personal Income Tax: \$9.51 Billion
 - Sales Tax (Auto and Non-Auto): \$13.7 Billion

As for corporate taxes, this period saw the replacement (beginning in 2005) of the corporate franchise tax, which stood at \$969.4 million in FY 2000, by the commercial activity tax. By FY 2012, corporate franchise tax receipts had declined to \$117 million while, for the first time, commercial activity tax receipts produced \$417 million for the GRF. By 2024, the corporate franchise tax stood at \$0.2 million and the commercial activity tax produced \$2.366 billion.

Finally, these changes help explain why, according to PEW (pewtrusts.org), in 2024 (2Q), Ohio's tax revenue growth was below its 15-year trend by -4.5%. This compares to the national average, which was -2.8%. *To what extent this gap exists because of policy as opposed to underlying economic conditions is a question that deserves careful consideration.*

7. **Governor DeWine's proposed FY 2026-2027 state operating budget, House Bill 96, estimates tax receipt growth at 4% in 2026 and 3.4% in FY 2027.** This reflects a projected stable, but slower growing economy throughout the new biennium. These numbers include three proposals to increase taxes – a \$1.50/pack cigarette tax increase and a doubling from 20% to 40% of the sports gaming tax and a doubling from 10% to 20% of the recreational marijuana products tax. Additionally, the estimates reflect the cost of a proposed \$1,000 per child (through age six) childcare income tax credit.

These estimates are consistent with FY 2025 year-to-date (through January 2025) GRF tax receipt performance. Albeit with reduced revenue estimates, through January tax receipts are \$525 million or 3.2% above estimate.

8. **State Policy Reports: FY 2022 State and Local Revenues (U.S. and Ohio): Ohio Per Capita Revenues Below U.S. Average**

- Ohio State-Local General Revenue (GR) Per Capita: \$12,174
- U.S. Average: \$13,619
- Change in State-Local GR Per Capita From FY 2021 to FY 2022:
 - Ohio: \$984
 - U.S. Average: \$1,342
- Per Capita Revenue From the Federal Government, FY 2022:
 - Ohio: \$3,705
 - U.S. Average: \$3,774
- Federal Revenue as % of State-Local General Revenue, FY 2022:

- Ohio: 30.4%
 - U.S. Average: 27.7%
- State-Local Own-Source GR Per Capita, FY 2022:
 - Ohio: \$8,469
 - U.S. Average: \$9,845
- State-Local Own-Source GR as a Share of Personal Income, FY 2022
 - Ohio: 14.5%
 - U.S. Average: 14.9%