



June 3, 2021

Chairman Matt Dolan  
Ohio Senate Finance Committee  
Ohio Statehouse  
Columbus, OH 43215

Dear Senate Finance Committee Members:

On behalf of The Ohio Society of CPAs, I am writing to urge your support of Substitute House Bill 110.

First, we support the Senate adding language that extends through the end of 2021 the application of the temporary municipal income tax withholding provision for employers enacted last year in House Bill 197 (133<sup>rd</sup> GA) as Section 29, as well as clarifying that Section 29 was not intended to apply to the taxability of the employee's wages. This change will allow qualified employees to receive a refund of taxes withheld to a municipality where they neither lived nor physically performed services. The substitute bill also provides that the net profit tax payroll factor should be calculated at the principal place of work location through the end of 2021.

We appreciate the 5% across the board income tax rate cut enabling Ohioans to keep more of their own money, and we encourage the legislature to continue future efforts to consolidate income tax brackets further from the current five. Due to the administrative burden placed on our members, we also appreciate the Senate restoring the Executive proposal to eliminate the inclusion of the NAICS code requirement when taxpayers claim the business income deduction (BID).

Under the Senate's sales and use tax changes, OSCPA supports the elimination of the tax on employment services and employment placement services. We recommended eliminating the taxability of these transactions in our 2016 [Ohio Tax Reform Task Force report](#) (see pages 25-27).

The OSCPA supports the Senate authorizing a permanent Commercial Activity Tax (CAT) exemption for Bureau of Workers' Compensation (BWC) dividends paid to employers, beginning with dividends paid in 2022. S.B. 18 enacted earlier this year exempted BWC dividends paid in 2020 and 2021.

Finally, we believe the Senate's elimination of the Tax Expenditure Review Committee needs further consideration. The OSCPA originally supported the creation of this committee in H.B. 9 (131<sup>st</sup> GA). We also encourage the Senate to include three amendments during the omnibus process: (1) extending the H.B. 606 (133<sup>rd</sup> GA) qualified lawsuit immunity deadline another year to 9/30/2022 (SC4010), (2) defining the sale of a business ownership interest for the BID (SC3880), and (3) addressing the \$10,000 SALT deduction as outlined in IRS Notice 2020-75 (SC4017).

On behalf of The Ohio Society of CPAs, thank you for considering our suggestions and we urge your support of Sub. H.B. 110 as it comes up for a vote next week.

Sincerely,

Gregory M. Saul, Esq.  
Director of Tax Policy