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Rules and Reference, Vice Chair
Agriculture
Finance General Government and Agency
Review Subcommittee
Government Oversight and Reform
Local Government, Public Safety, and
Veteran's Affairs
Ways and Means

**Senate Bill 22
House Ways and Means Testimony
February 13, 2018**

Thank you, Chairman Schaffer for giving me the opportunity to introduce Senate Bill 22.

In most years, the General Assembly passes a tax conformity bill with the goal of matching Ohio's tax code to the Federal Tax Code. This is done in order to coincide filing State and Federal taxes as smoothly as possible. In 2017, we passed House Bill 11, which passed both Chambers and Committees with unanimous support. Senate Bill 22 is a companion bill to HB 11 that will be amended to conform the Ohio Tax Code to the Federal code after the significant tax changes that were passed in December. These updates are vital for everyday Ohioans who, without this bill, would likely pay more in taxes and experience a more tedious and difficult filing process. As you can imagine, there is some urgency in passing this bill as the tax season is already well under way. Many Ohioans have already filed or are preparing to file.

Several conformity issues have been identified by the Ohio Department of Taxation for the 2017 filing year. These issues will be addressed in the form of amendments, which are very technical in nature and address several matters. The first issue is designating the Sinai Peninsula as a combat zone, which will allow military personnel serving in that region to be exempt from the Ohio income tax as in previous combat service. The next issue is to allow businesses to temporarily expense accelerated depreciation on used assets purchased from September 28, 2017 to December 31, 2022, conforming to

the US Tax Code changes. Next, this bill will add school district income taxes to the already existing conformity statute found in 5701.11. Next, the Federal government has added a requirement that those accessing personal Federal Taxpayer Information (FTI) be subject to an FBI background check and fingerprinting. The language that is included will express in statute that employees of State agencies are subject to this requirement.

In the Ohio Revised Code, it says that in order for a dependent to be claimed on State taxes, they must also be claimed on your Federal return. Since the personal exemption for dependents is no longer claimed on the federal returns, the amendments to Senate Bill 22 will remove the Federal claim requirement, thus allowing residents to continue to claim dependents on their State taxes despite the Federal suspension.

Next, this bill will harmonize the due date for the aviation fuel dealer report with all other motor fuel reports: all reports will now be due between the 23rd and end of each month. The bill will reinstate incorrectly removed definitions of “terminal” and “consumer” in the motor fuel tax sections of the revised code. Additionally, the bill will correct a minor error in stating who is subject to the aviation fuel dealers report. The revised code currently states that those who purchase for consumption are required to file. It was always the intent to state that those who purchase for resale are required to file.

Next, the amendments to Senate Bill 22 will require pass through entity investors to file a K-1 form at the time of filing their return. This form will help the Ohio Department of Taxation to more quickly identify proof of the investor’s ownership in the PTE and ensure no delay in processing their return.

Despite being technical in nature, the goal of Senate Bill 22 is simple: to conform the ORC to match the significant changes that the Federal government has enacted for the 2017 tax year and thereby allow Ohioans to maximize their exemptions, benefits and potential refunds. Thank you for your attention, I am happy to answer any questions the Committee may have.