

LEGISLATIVE REVIEW
MARCH 22, 2013 – REPORT #6

LEGISLATURE BREAKS FOR EASTER RECESS

The general assembly has wrapped up the transportation budget and adjourned for two weeks. Most of the attention has been directed to the biennial budget, HB 59. As with all budgets, it is a massive document appropriating billions of dollars. An expansion of the sales tax to just about all service transactions and a severance tax on gas and oil exploration is attracting much of the interest of the business community. Also, the governor's budget reduces the state sales tax 0.5%, limits local governments' increases in sales tax, and provides state income tax breaks for individuals and small business.

A parade of witnesses appeared before the committee. Most of the business groups oppose the extension of the sales tax to all transactions involving a service which includes most professions such as, engineers, architects, attorneys, and realtors, to name a few. The Ohio Chamber of Commerce also opposed the tax as it found the benefits of the income tax reductions for small business and individuals would be more than offset by the sales tax expansion. The severance tax increase was met by solid opposition from all drilling groups.

Housing and construction was contained in the exemptions from the sales tax. While not entirely clear, we believe it was an attempt to protect the home construction industry from the expanded tax. However, it appears the House will scrap most of the sales tax expansion and all of the severance tax increase. That leaves the question what will replace the income tax reductions? One steady rumor is the CAT tax may be increased to fund the tax cut for the income tax.

We expect much of the alternates will be decided over the Easter break. The House finance committee will begin the process for final hearings in order to send the bill to the full House by mid-April.

NEW COMMERCE DIRECTOR TO BE NAMED SOON

David Goodman has been named the new Director of the Development Department. A new commerce director will be named to replace Mr. Goodman. As you know, the RCAC and the BBS are housed under that cabinet director's agency, the Department of Commerce.