



# KEY VOTE ALERT

**TO:** Members of the Ohio Senate

**FROM:** Tony Long, Director, Tax & Economic Policy

**RE:** Upcoming Floor Vote on SB 18

**DATE:** February 10, 2021

Senate Bill 18 incorporates into Ohio tax law several changes made at the federal level to the Internal Revenue Code in period between last March to the date of the enactment of SB 18. In order to make tax compliance and administration easier for Ohio employers and other taxpayers, it is important that Ohio law conforms whenever possible. This will reduce tax return errors and avoid additional tax compliance costs.

In addition, two important amendments were also added to SB 18 prior to it being favorably reported by the Senate Ways & Means Committee.

The first of these amendments clarifies the tax treatment of federal Paycheck Protection Program (PPP) loans awarded by the federal government to assist employers with short-term payroll cash flow issues caused by the coronavirus pandemic. Specifically, it ensures these loans will not be treated as gross receipts under Ohio's commercial activity tax (CAT) and, thus, will not be taxable.

The second amendment deals with the tax treatment of the excess surplus of the state insurance fund received by taxpayers from the Ohio bureau of workers' compensation (BWC). This amendment was necessary because the Department of Taxation had determined that no statutory exclusion to the CAT exists for the surplus received from the BWC. In order to remove any confusion, the amendment clarifies that these monies are not subject to CAT.

Both of these changes simply protect employers from an additional tax burden that would be detrimental at this time and run counter to the purpose for why Congress enacted PPP and the BWC issued the surplus payment in the first place: to provide businesses with cash flow so they have a better chance to survive the current public health crisis.

For all of these reasons, **the Ohio Chamber of Commerce supports SB 18**, and we urge you to vote **YES** on the bill. Please be aware that **your vote on SB 18 will be reflected in the Ohio Chamber's Free Enterprise Index**, our General Assembly Voting Record.

If you have any questions about this bill or the Ohio Chamber's position, please contact me at (614) 629-0916 or [tlong@ohiochamber.com](mailto:tlong@ohiochamber.com).

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