



OHIO CHAMBER OF COMMERCE LEGISLATIVE UPDATE

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DeWine Signs Senate Bill 33

Last week, Governor DeWine marked the end of the legislative journey for Senate Bill 33 by adding his signature to the bill. This top 10 priority of the Ohio Chamber modernizes our state's laws to reflect new working arrangements by giving employers the option to put Ohio's labor law posters online. The Ohio Chamber testified in favor of this bill in both House and Senate committees as well as the bill's companion legislation, House Bill 94.

The Ohio Chamber commends the leadership of both Senators Steve Wilson and George Lang who have sponsored this legislation across multiple General Assemblies, and we thank all lawmakers who supported the legislation. Senate Bill 33 was a key vote for the Ohio Chamber because it updates Ohio law following the coronavirus pandemic where fully remote and hybrid working arrangements remain common. Under the new law, Ohio's minimum wage, workers' compensation, employment discrimination, prevailing wage, and minor labor law notifications can be put online on the employer's website rather than having to post these notices at employers' places of business.

Senate Bill 33 also builds upon the Ohio Chamber's previous advocacy to update our state's labor laws following the coronavirus pandemic. In prior General Assemblies, we supported legislation to create a definition for work-from-home injuries that qualify for workers' compensation benefits and

legislation that protected employers from frivolous overtime lawsuits when employees are working from home.

The new law is set to go into effect on July 20, 2025.

Ohio Chamber Pushes for Federal Tax Relief at Tax Day Event

The Ohio Chamber recently offered remarks on how best to improve state and federal tax systems as part of the “Tax Day Revolution” program hosted by Americans for Prosperity (AFP). The event, held at the Boathouse at Confluence Park in Columbus on April 15th, also



featured commentary from AFP, The Buckeye Institute, and State Representative Brian Lorenz. Conservative radio host Jack Windsor was also on hand to interview each of the speakers, which was recorded live as part of his evening radio show.

The Ohio Chamber's SVP of Government Affairs, Rick Carfagna, spoke in-depth regarding the Tax Cuts and Jobs Act of 2017 - a federal reconciliation package that was an important accomplishment from the first Trump Administration. There are four key provisions that were in place or are expiring this year that the Ohio Chamber has been messaging when meeting with Ohio's federal delegation:

1. Section 199A (Qualified Business Income Deduction)

- Over 900,000 Ohio businesses are organized as pass-through entities (IRS SOI Tax Stats, 2020).
- Section 199A provides a 20% deduction on qualified business income, benefiting small and mid-sized businesses that cannot access the corporate tax rate.
- The deduction is especially critical to industries with tight margins, such as agriculture, retail, construction, and personal services.
- Repeal would raise the effective tax rate on these businesses by up to 8%, based on analysis by the Tax Foundation (2019).
- If the qualified business income deduction were to go away, in some instances, small businesses would be paying twice the federal taxes of larger businesses.

2. Bonus Depreciation

- Bonus depreciation allows for the immediate expensing of capital purchases, but began phasing down in 2023 and will sunset in 2027 without congressional action (IRS Notice 2023-1).
- Ohio's manufacturing sector contributes over \$130 billion annually to the state's GDP (U.S. Bureau of Economic Analysis, 2023).
- Full expensing increases after-tax returns on equipment investment, with studies showing 8–10% higher investment rates under 100% bonus depreciation (Congressional Research Service, 2022).
- Loss of this provision would significantly impact capital-intensive industries like automotive, aerospace, and food production.

3. Competitive Corporate Tax Rate

- Ohio has attracted major corporate investments due to a stable 21% federal corporate tax rate, including Intel's \$20+ billion chip facility (JobsOhio, 2022).
- Increasing the corporate tax rate to 28% would reduce after-tax profits by 10% and potentially shift expansion plans to other states or countries (Tax Foundation, 2021).
- According to PwC modeling, even small increases in corporate taxes can reduce capital expenditures and wages over the medium term (PwC Tax Policy Outlook, 2023).

4. Research and Development (R&D) Tax Credit and Expensing

- Ohio businesses spend over \$15 billion annually on research and development (National Science Foundation, 2022).
- Industries like biotech, clean energy, advanced materials, and aerospace depend on predictable R&D support to commercialize discoveries.

- The 2022 change requiring amortization of R&D costs increased the effective cost of innovation by up to 28% (National Association of Manufacturers, 2023).
- Restoring immediate expensing could return hundreds of millions in working capital to mid-sized R&D firms, especially in Columbus, Cincinnati, and Cleveland innovation hubs.

At the state level, Carfagna also spoke about the Chamber's involvement with the Ohio Taxpayer Protection Coalition - a group aimed at restoring fairness, simplifying compliance and keeping Ohio competitive – which includes the Ohio REALTORS, County Auditors Association of Ohio, and other organizations. The coalition is developing policy solutions related to property tax calculations and the streamlining of municipal income tax compliance.

Without these federal provisions and state reforms, Ohio businesses face higher tax burdens, reduced cash flow, and disincentives to invest in capital and innovation. These tools are vital to supporting jobs, increasing productivity, and advancing the state's economic future.

Vote FOR Issue 2 on May 6

On April 17, the Ohio Chamber of Commerce Action Network held a webinar on Issue 2 for the upcoming May 6 election. The webinar featured Jeremy Pelzer of Cleveland.com, who explained the issue, and Matt MacLaren with the Ohio Chamber of Commerce, who explained the Ohio Chamber's support for Issue 2.

Issue 2 is a non-controversial ballot issue with bipartisan support. Voting for Issue 2 allows the State of Ohio to issue general obligation bonds up to \$250 million per year over 10 years to fund local infrastructure improvements. It does not raise taxes, as it uses existing revenues to repay those bonds. Approval of Issue 2 will renew the State Capital Improvement Program that has been in place since 1987. This program improves local roads, bridges, sewers, water lines, and other vital infrastructure all across Ohio.

For more information, visit www.Yes2BuildOhio.com.

Alberta Delegation Shares Economic Vision With Ohio Leaders

The Ohio Chamber recently hosted a delegation of trade officials from Alberta, Canada for a roundtable discussion with Ohio business and state government organizations. Matt Jones, Alberta Minister of Jobs, Economy, and Trade detailed the significant trade partnership between the province and the State of Ohio. Alberta is Ohio's 7th largest trading partner, and the relationship yields \$4 billion in bilateral trade. 47,360 Ohio jobs are supported by trade with Alberta with Ohio exports to Alberta amounting to \$416.5 million and Ohio imports from Alberta equate to \$3.6 billion. The Buckeye State's top exports to Alberta are:

- Machinery: \$107.2 million
- Energy: \$101 million
- Iron & Steel: \$34.5 million
- Motor Vehicles & Parts: \$31.3 million
- Organic Chemicals: \$22.1 million

The Ohio Chamber welcomed officials from JobsOhio, the Ohio Department of Development, the Ohio Department of Agriculture (including Director Brian Baldrige), the Ohio Oil and Gas Association, the Ohio Chemistry Council, and the Buckeye Institute as part of the conversation, revolving around the shared interests in energy and agricultural commodities. The province of Alberta has the 4th largest oil reserves on earth, and one of the largest reserves of natural gas. As a key energy supplier to the U.S., and with Ohio's refineries playing a critical role in developing this domestic energy, this is a partnership that both Alberta and Ohio stand ready to grow for decades to come.

Ohio's Clean Air Act State Implementation Plan (SIP)

The last administration slipped into the SIP a public nuisance provision allowing litigation over air pollution in federal court. The Ohio Chamber has joined with other organizations – OCTC and OMA, among others – to fight for the removal of this provision. Ohio businesses would still be regulated by the Ohio EPA and the many state laws and rules that provide guidance for compliance under the Ohio SIP. The federal effort includes a letter writing campaign and request for a CRA of the late addition of the nuisance provision into the SIP in January of 2025.

Chamber Elevates Statewide Dialogue on Child Care Access and Affordability

The Ohio Chamber of Commerce



successfully convened its 2nd annual Child Care Policy Summit earlier this month, pulling together key experts in childcare, media members, state officials, and over 75 guests for important conversations about how childcare is throttling Ohio's families and workforce.

In an economic study released by the U.S. Chamber of Commerce Foundation (*Untapped Potential: Ohio*) and presented by Aaron Merchen from the Foundation, the direct financial impact to Ohio of insufficient child care coverage is **\$5.48 billion annually**. This number includes \$1.52 billion in missed annual tax revenue, and \$3.97 billion in child care-related employee turnover and absenteeism costs to Ohio employers. 70% of Ohio parents of young children missed work or class at least once in the past three months for child care reasons, and 33% of parents that experienced disruptions to their employment in the past year reported leaving the workforce as a direct result of child care issues. Finally, in 75% of states, child care now costs more than in-state university tuition.

Another panel, *Early Childhood Workers: Developing the Workforce Behind the Workforce*, featured Chris Angellatta from the Ohio Child Care Resource and Referral Association, Tatiana Wells from Cuyahoga Community College, and David Smith from Horizon Education Centers. The session was moderated by Lynanne Gutierrez from Groundwork Ohio and touched on a number of barriers to people entering the vocation of early childhood education.

The Ohio Chamber's VP of Government Affairs, Justin Barnes, moderated a discussion on *Business Engagement Strategies for Childcare: Money Hiding in Plain Sight* with Joseph O'Hern from the First Five Years Fund and Gary Romano from Civitas Strategies. They touched on a number of federal incentives for child care, including the underutilized 45F tax credit for Employer-Provided Child Care.

State Representatives Andrea White, Bride Rose Sweeney and Mark Johnson took part in a conversation with Karen Lampe from CWCC Inc. on the state budget and legislative activity. The legislators discussed work on an Ohio "tri-share" program to divide up child care costs between employers, the state, and parents, as well as a proposal for construction grants to convert dormant facilities into usable classroom spaces and an amendment to create a *Child Care Recruitment and Mentorship Grant Program* to help "increase the number of licensed child care providers in Ohio and assist recruited entities and individuals."

For the event keynote, Ohio Chamber SVP of Government Affairs Rick Carfagna conducted a fireside chat with Kara Wentz, Director of the Ohio Department of Children and Youth (DCY). Director Wentz detailed the assorted budget proposals by Governor DeWine, and also discussed the improvements made to Ohio's child care regulatory systems – including streamlining the Step Up to Quality rating system from five tiers to three and reducing the paperwork and administrative burdens for compliance. Director Wentz also spoke about the recently announced partnership opportunity to improve child and early care through the Early Care and Education (ECE) Business Partnership. In this program, businesses, government or non-profit entities, and DCY support the cost of increasing child care access to eligible families. Examples of models include providing drop-in child care options, or increasing non-traditional work hour care options.

The Ohio Chamber of Commerce will continue working closely with the Ohio General Assembly and Governor DeWine's office, particularly in the state operating budget, to combat the childcare crisis in several ways.